FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-96-012
Thursday
18 January 1996

Daily Report
East Asia

FBIS-EAS-96-012

CONTENTS

18 January 1996

NOTICE: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Foreign Minister Ikeda Departs for U.S. *[KYODO]* 1
U.S. Requests Joint R&D on Equipment Parts *[YOMIURI SHIMBUN 1 Jan]* 1
DA To Review Guideline for Cooperation With U.S. *[MAINICHI SHIMBUN 30 Dec]* 1
DA To Expand Hijyudai Exercise Field in Oita *[RYUKYU SHIMPO 11 Jan]* 2
FSX Parts Export 'Does Not Violate' Principles *[TOKYO SHIMBUN 5 Jan]* 2
Expert Discusses Security Treaty With U.S. *[YOMIURI SHIMBUN 28 Dec]* 3
Tsukahara on Deregulation, Semiconductor Accord *[MAINICHI SHIMBUN 13 Jan]* 4
Action Against Used Tractor Sales in U.S. Sought *[KYODO]* 5
'Full-Fledged Campaign' for UNSC Launched *[ASAHI SHIMBUN 3 Jan]* 5
Embassy: Military Attaches Asked To Leave PRC *[KYODO]* 6
    Embassy Expresses Regret *[KYODO]* 6
Portillo Urges Closer Military Ties *[London PRESS ASSOCIATION]* 7
UK Minister Hopes Tokyo To Help Rebuild Bosnia *[KYODO]* 8
Bhutto Hopes To Boost Software, Manpower Ties *[KYODO]* 8
Peaceful Solution to Kashmir Issue Urged *[KYODO]* 9
Tokyo Extends Low-Interest Loan to Pakistan *[KYODO]* 9
Official Says Economy Showing Positive Signs *[KYODO]* 10
Keidanren Reveals Economic Vision Toward 2020 *[KYODO]* 10
Panel To Propose Review of Consumption Tax *[KYODO]* 10
Declared Land-Holding Taxes Show Drop in 1995 *[KYODO]* 11
NPA Sets Up Office To Handle Bad Loan Cases *[YOMIURI SHIMBUN 9 Jan]* 11
LDP Members Urge Freeze on Jusen Plan *[YOMIURI SHIMBUN 15 Jan]* 12
Hashimoto To Seek Public Support for Jusen Plan *[KYODO]* 12
Documents Show MOF 'Negligence' in Jusen Case *[MAINICHI SHIMBUN 15 Jan]* 13
Figures Show Bad Loans Role of Ex-Bureaucrats *[KYODO]* 14
Editorial Calls for Restructuring of MOF *[NIHON KEIZAI SHIMBUN 30 Dec]* 14
Keidanren Delays Adopting Policy on NTT Breakup *[KYODO]* 15
Hino Vows Not To Postpone Decision on NTT Split *[KYODO]* 16
Trade Ministry Considering Revising IPR Law *[NIHON KEIZAI SHIMBUN 29 Dec]* 16
Farm Minister, Keidanren Differ in Policies *[KYODO]* 16
KYODO Reports New Cabinet Lineup 16
Survey Shows Growing Public Interest in Politics *[MAINICHI SHIMBUN 15 Jan]* 17
Public Support for LDP Jumps 'Dramatically' *[ASAHI SHIMBUN 16 Jan]* 18
Kubo Interviewed on New Party, Base Issue *[Tokyo TV]* 18
Ozawa Interviewed on Political Situation, Okinawa *[Tokyo TV]* 19
Ozawa Faces Difficulty in Promoting Party Unity *[NIHON KEIZAI SHIMBUN 3 Jan]* 20
'Source': Members To Form Anti-Ozawa Group *[KYODO]* 20
Kato Denies Possible Coalition With NFP *[KYODO]* 21
NFP's Ozawa Calls for Lower House Dissolution *[KYODO]* 21
    Reiterates Call for Election *[KYODO]* 22
Kubo Vows To Improve Employment Situation *[KYODO]* 22
New National Land Agency Chief Profiled *[KYODO]* 22

Murayama, Takemura Agree To Form New Party *[YOMIURI SHIMBUN 15 Jan]* 23
Political Prospects Under Hashimoto Viewed *[SANKEI SHIMBUN 8 Jan]* 23
Editorials Urge Hashimoto To Call Early Election *[KYODO]* 24

North Korea

U.S. Warned on 'Dangerous' Bombing Exercises *[KCNA]* 24
    Preparing for 'Preemptive Strike' *[KCNA]* 25
CPRF Denounces U.S. Planned 'War Exercises' *[KCNA]* 25
'Military Provocations' by U.S., ROK Denounced *[KCNA]* 26
ROK's 'Reckless Commotion for War' Denounced *[Pyongyang Radio]* 26
Kim Yong-sam Called Pro-U.S., Pro-Japanese *[Pyongyang Radio]* 27
Diplomat in Zambia Cited on Wife's 'Abduction' *[KCNA]* 28
'News Analyst' Urges Japan To Improve Image *[KCNA]* 29
Chongnyon Holds Central Activist Meeting in Tokyo *[Pyongyang Radio]* 29
    Sends Letter to Kim Chong-il *[Pyongyang Radio]* 30
'Basic Ideology' of Foreign Policy Detailed *[Pyongyang Radio]* 32
Kim Chong-il Receives More Greetings From Abroad *[KCNA]* 34
Kim Chong-il Thanks Officials, Working People *[KCNA]* 34
'Society of the Sun' Letters Laud Kim Chong-il *[KCNA]* 34
Literature on Kim Il-song, Kim Chong-il in ROK *[KCNA]* 35
WPK Sends Message to 16 Jan LSWYK Meeting *[Pyongyang Radio]* 35
National Meeting Held for LSWYK Anniversary *[KCNA]* 38
LSWYK Conference Opens in Pyongyang 17 Jan *[KCNA]* 39
    Renaming of LSWYK Supported *[KCNA]* 40
    Papers Observe LSWYK Anniversary *[KCNA]* 41
'Heroic,' 'Proud Achievements' of Youth Reported *[KCNA]* 42
Youth Mission for 'Revolutionary Cause' Discussed *[KCNA]* 42
'Baton of Revolution' Handed Over to Youth *[KCNA]* 43
Paper Urges Proper Education of Youths, Children *[KCNA]* 44
MINJU CHOSON Emphasizes Ideological Work *[22 Oct]* 45
People's Regime Hailed as 'Invincible Weapon' *[MINJU CHOSON 9 Dec]* 47
Article Stresses Loyalty to Leader *[KCNA]* 48
'Fighting Spirit' of Seventh Regiment Highlighted *[KCNA]* 48

South Korea

KEDO Chairman Arrives To Discuss Expenses *[YONHAP]* 49
KEDO Survey Equipment Shipped to North Sites *[YONHAP]* 49
Japanese Envoy, Choe Discuss Reactor Funding *[THE KOREA TIMES 14 Jan]* 50
Issuing Government Bonds for LWR Funds Studied *[MUNHWA ILBO 18 Jan]* 50
Fourth KEDO Survey Team Arrives in DPRK *[YONHAP]* 51
Editorial Demands Not Sharing Heavy Oil Costs *[KYONGHYANG SINMUN 17 Jan]* 51
U.S. Urged To Assume Attitude of Great Power *[MUNHWA ILBO 17 Jan]* 52
Editorial Views 'Humiliating' SOFA Situation *[HANGYORE SINMUN 12 Jan]* 52
Seoul Proposes Economic Dialogue With U.S. *[THE KOREA TIMES 17 Jan]* 53
Blackmarketing of U.S. Post Exchange Goods Noted *[Seoul TV]* 54
North Urged 'DPRK-U.S. Security Negotiations' *[TONG-A ILBO 15 Jan]* 55
U.S., DPRK Agree 'in Principle' on Remains *[Seoul Radio]* 55
U.S. Korean War POW's Said Living in DPRK *[YONHAP]* 55
    U.S. Confirms POW's in DPRK *[CHOSON ILBO 15 Jan]* 56
U.S. Elections Said Behind Concessions to North *[TONG-A ILBO 16 Jan]* 56
Effect of POW Issue on U.S., North Ties Noted *[CHOSON ILBO 16 Jan]* 57
DPRK Suspends Winter Military Training *[CHUNGANG ILBO 14 Jan]* 58

Kim Il-song University Gives Capitalist Lectures *[HANGYORE SINMUN 17 Jan]* 58
DPRK Executes 70-80 'Antisocial Hooligans' *[CHUNGANG ILBO 16 Jan]* 59
DPRK Missions Ordered To Fund Operations *[YONHAP]* 59
North Food Situation Said 'Harsh,' Not 'Acute' *[YONHAP]* 59
DPRK May Collapse 'Earlier Than Expected' *[CHOSON ILBO 18 Jan]* 60
Instructions to Embassies Against DPRK Activity *[Seoul Radio]* 60
North Upper Class Defections Expected To Grow *[HANGUK ILBO 16 Jan]* 61
Seoul Preparing for 'Influx' of DPRK Defectors *[MUNHWA ILBO 17 Jan]* 61
Reasons for Increase in DPRK Defectors Viewed *[TONG-A ILBO 17 Jan]* 62
Editorial Urges 'Rational' Measures for Defectors *[CHOSON ILBO 18 Jan]* 63
North Diplomat's Wife Given to Zambia Authorities *[YONHAP]* 63
Second DPRK Defector in Zambia Arrives *[YONHAP]* 64
    Son of 'High' DPRK Official *[YONHAP]* 64
    Defector's Real Name, Status *[YONHAP]* 65
North Defector Choe Attempted Suicide in Zambia *[YONHAP]* 65
Third North Korean Sought Asylum in Zambia *[YONHAP]* 65
Minister Thanks Zambia Regarding Defectors' Case *[YONHAP]* 65
Ministry: North Sends More Agents to Zambia *[YONHAP]* 66
Japan Vows To Consult Closely on DPRK Ties *[YONHAP]* 66
DPRK Spies Said Posing as Koreans From China *[CHUNGANG ILBO 13 Jan]* 67
Official: 10 More North Koreans Flee to PRC *[CHUNGANG ILBO 18 Jan]* 67
Defense Ministry Plans Russian Tank Battalion *[CHOSON ILBO 17 Jan]* 67
Meetings Scheduled on Penetrating Foreign Markets *[THE KOREA TIMES 18 Jan]* 68
Dual Capital Requirement Affects Foreign Banks *[THE KOREA TIMES 18 Jan]* 68
Trial of Ex-President No, 15 Others Resumes *[YONHAP]* 69
1979 Coup, 1980 Events Said 'Separate' Incidents *[THE KOREA TIMES 7 Jan]* 69
Arrest Warrents Sought in 1979, 1980 Events *[YONHAP]* 70
Chon Requests Ruling on Special Law's Legality *[YONAP]* 70
    Court Accepts Chon's Petition *[YONHAP]* 70
Civil Servants in Elections 'Must Resign' Posts *[YONHAP]* 71
Parties Get Ready To Begin Election Campaign *[YONHAP]* 71
Military Officers Probed for 'Dubious Moves' *[CHOSON ILBO 18 Jan]* 72
Securities Investment Trust Market Opening Noted *[YONHAP]* 72
Agriculture Ministry Reveals Modernization Plans *[THE KOREA TIMES 17 Jan]* 73

SOUTHEAST ASIA

Burma

MTA Source: Drug King Khun Sa Goes to Rangoon *[AFP]* 75
Karen Rebel Division Surrenders To Rangoon *[THAILAND TIMES 17 Jan]* 75
Ethnic Shan Organizations Agree To Cooperate *[THAILAND TIMES 10 Jan]* 75
Students, Youth Conference Issues Statement *[BurmaNet News]* 76
    Nations Asked To Boycott SLORC *[BurmaNet News]* 76
National Convention Plenary Session Resumes *[Rangoon TV]* 77
    Plenary Session Continues 9 Jan *[Rangoon TV]* 78

Brunei, Malaysia & Singapore

Malaysia

Mahathir, Keating Agree To Improve Economic Ties *[Kuala Lumpur International]* 79
MoU on International Boundary With Indonesia *[SUNDAY STAR 7 Jan]* 79
Minister Receives Singapore Military Chief *[Kuala Lumpur TV]* 79

Arrangements To Join IFOR in Bosnia Finalized *[THE STAR 9 Jan]* 80
National Front Wins By-Election 'Uncontested' *[Kuala Lumpur TV]* 80

Singapore

Exchange of Ambassadors With Philippines Hailed *[Singapore Radio]* 80

Cambodia

Rangsi Accuses Hun Sen of Plotting His Murder *[REAKSMEI KAMPUCHEA 18 Jan]* 81
Action Vowed Against 'Subversive Activities' *[THE CAMBODIA TIMES 31 Dec]* 81
Plans for Offensive Against Khmer Rouge Denied *[THE CAMBODIA TIMES 31 Dec]* 81
Khmer Rouge Activities in Banteay Meanchey Noted *[REAKSMEI KAMPUCHEA 6 Jan]* 82
Khmer Rouge Destroys Two Bridges in Kratie *[REAKSMEI KAMPUCHEA 6 Jan]* 82
Khmer Rouge Reportedly Attacks Battambang Station *[REAKSMEI KAMPUCHEA 13 Jan]* 82
Khmer Rouge on Destruction of Bridge 7 Jan *[Radio PGNUNS]* 83
    Claims Bomb Attack in Phnom Penh *[Radio PGNUNS]* 83
Khmer Rouge Guerrillas Stall Government Offensive *[AFP]* 83
Official: District Needs More Food Supplies *[REAKSMEI KAMPUCHEA 6 Jan]* 83
Rice Self-Sufficiency Expected 'Next Year' *[THE CAMBODIA TIMES 31 Dec]* 83

Indonesia

Anti-Integration Figure Araujo Discusses Visit *[KOMPAS 8 Jan]* 84
Threat Against East Timor Leader on Internet *[INDONESIA Listserv]* 84
Ministers on Return of Three East Timor Fighters *[Jakarta Radio]* 85
Malaysian Trawlers Detained for Illegal Fishing *[ANTARA]* 85
Suharto Presents Draft 1996-97 Budget *[Jakarta TV]* 85
Foreign Investment Commitments Increased in 1995 *[THE JAKARTA POST 28 Dec]* 93
BI Issues Guidelines on Derivatives Trading *[THE JAKARTA POST 30 Dec]* 94

Philippines

Ramos Views Threat Posed by Foreign Terrorists *[Quezon City Radio]* 95
Group Offers To 'Take Back' ABB Remnants *[PHILIPPINE DAILY INQUIRER 30 Dec]* 95
Suspected Communist Hit Squad Members Announced *[The Journal Group WWW]* 97
Strength of Communist, Muslim Forces Discussed *[MANILA BULLETIN 3 Jan]* 97
Military: Mindanao Situation Remains 'Volatile' *[PHILIPPINE DAILY INQUIRER 27 Dec]* 98
Abu Sayyaf Said Building Up Forces in Zamboanga *[MALAYA 24 Dec]* 98
Muslim Rebels Attack North Cotabato Town *[Quezon City Radio-TV]* 99

Thailand

North Korea Asks Ministry To Supply More Rice *[BANGKOK POST 18 Jan]* 99
Cambodian Fighting Said Closer to Thai Border *[Bangkok TV]* 99
Third Thai-India Joint Commission Meeting Held 99
    India's Mukherjee on Kashmir *[THE NATION 18 Jan]* 99
    More Subregional Cooperation Urged *[BANGKOK POST 18 Jan]* 100
Rise of Subregional Cooperation Viewed *[THE NATION 12 Jan]* 101
'Temporary Rules' on 23 Types of Imports Outlined *[BANGKOK POST 9 Jan]* 103

Vietnam

Radio Reviews 1995 Ties With ASEAN *[Hanoi International]* 103
Thai Defense Minister Arrives on Official Visit *[Hanoi International]* 104
Office Delegation Said on Working Visit in Laos *[Hanoi International]* 104

Japan's Mitsubishi Strikes Oil Off Vung Tau *[Hanoi International]* 104
Year-End Bonus for State Employees Suspended *[Hanoi Radio]* 104
Industry Ministry Investments in 1995 Reported *[Hanoi Radio]* 104
Party Urges Elimination of 'Social Evils' *[Hanoi International]* 105
Radio Reviews Development of Tourism in 1995 *[Hanoi International]* 105

AUSTRALASIA

Australia

Keating 'Friend' of New Japanese Prime Minister *[Melbourne International]* 106

New Zealand

Finance Minister Defends Monetary, Fiscal Policy *[London FINANCIAL TIMES 9 Jan]* 106

Japan

Foreign Minister Ikeda Departs for U.S.

*OW1801045496 Tokyo KYODO in English
0452 GMT 18 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Foreign Minister Yukihiko Ikeda left Thursday [18 January] for the United States to discuss issues of mutual concern with U.S. leaders.

Ikeda, who took the foreign ministerial portfolio a week ago in the newly formed cabinet of Prime Minister Ryutaro Hashimoto, aims to lay the groundwork for Hashimoto's meeting with U.S. President Bill Clinton during his state visit to Japan in April, government officials said.

He will pay a courtesy call on Vice President Al Gore at the White House on Thursday.

On Friday, he will meet Anthony Lake, assistant to Clinton for national security affairs, hold a working lunch with Secretary of State Warren Christopher and confer with Secretary of Defense William Perry.

The foreign minister will dwell on outstanding bilateral issues, including a potential reduction of the U.S. military presence in Japan's southernmost island prefecture of Okinawa, the officials said.

The presence of U.S. Forces in Japan has been called into question since the rape of a 12-year-old schoolgirl in Okinawa in September, for which three U.S. servicemen are on trial.

He will leave Washington on Saturday and return home Sunday.

U.S. Requests Joint R&D on Equipment Parts

*OW0501123896 Tokyo YOMIURI SHIMBUN
in Japanese 1 Jan 96 Morning Edition p 1*

[FBIS Translated Text] It has been revealed as of 31 December that the U.S. Department of Defense has asked the Defense Agency [DA] for the joint research and development [R&D] of parts for common equipment that is being used by both Japan and the United States. This proposal may enlarge the range of joint development between the two countries, following mass production of fighter support aircraft (F-2) scheduled to start from fiscal 1996. However, the Social Democratic Party of Japan and New Party Sakigake may possibly pose an argument, noting the possibility that the proposal will violate the three principles on arms exports. For this reason, the government intends to study only the possibility of joint "research" and not joint "development."

The U.S. Government sounded out the Japanese side concerning the development and research of common equipment during regular Japan-U.S. consultations on equipment and technology held in Tokyo from October through November in 1995. Concrete subjects of the proposal for joint research and development include electric parts needed for improving the capability of fighter interceptors (F-15), antisubmarine patrol aircraft (P-3C), and Aegis ships. It is believed that the United States hopes to reduce improvement costs by promoting joint research and development with Japan.

The DA has determined: 1) the joint research will change the present situation in which technology is transferred from United States in many cases, and thus it will enhance the credibility of Japan-U.S. security arrangements, in which the unilateral trend has been pointed out; and 2) joint research will increase the interchangeability of weapons of the two countries. Meanwhile, the Ministry of International Trade and Industry [MITI] has maintained that joint research is useful for maintaining technological standards for the defense industry; the industry has suffered from an decline in orders compared with the Cold-War era. Thus, MITI intends to deal positively with the U.S. proposal.

DA To Review Guideline for Cooperation With U.S.

*OW0601115996 Tokyo MAINICHI SHIMBUN
in Japanese 30 Dec 95 Morning Edition p 3*

[FBIS Translated Text] On 29 December, the Defense Agency [DA] firmed up its policy to completely revise a "guideline for Japan-U.S. defense cooperation." Revision work will start as early as 1996 and the DA will aim to map out a new guideline in a year or two. The DA will revise the guideline following the formation of a new "Defense Program Outline" — which (was approved at a cabinet meeting in November and) emphasizes improvement of the reliability of Japan-U.S. security arrangements — and "reconfirmation of the Japan-U.S. Security Treaty" at a Japan-U.S. summit, slated for April next year. "Far East Emergency," described in Article Six of the Japan-U.S. Security Treaty, will become the subject of the study. However, it is inevitable for the DA to encounter problems that are contrary to an interpretation of the Constitution that bans use of the collective defense right. It seems likely that the DA plan — which is also related to keeping U.S. military bases in Japan, including the bases on Okinawa — will give rise to debate within the government and the ruling coalition parties.

The current DA guideline deals mostly with Article Five, which describes "joint defense." It is based on the fundamental concept of the old "Defense Program Outline." The old outline says: "In principle, in the event of an armed attack against it, Japan will repel limited and small-scale aggression by itself. Japan will wait for U.S. cooperation if it has difficulty repelling such aggression through its own efforts." As for "strategic concept," the new guideline clearly spells out Japan-U.S. joint maneuvers for all ground, maritime, and air units. It says that the Self-Defense Forces [SDF] and U.S. Forces will form a coordination center "to maintain close mutual coordination or operations, intelligence, and logistics support."

Regarding Article Six, which is a "clause on the Far East," however, the guideline simply says, among other things, that "we will mutually study beforehand how we should provide facilitative assistance to the U.S. Forces within the limit of the legal framework" and that "such studies will include the scope and modalities of joint use of SDF bases by U.S. Forces Japan [USFJ] and of other facilitative assistance to be extended."

The guideline refers to these matters as "cooperation between Japan and the United States in the event that a situation in the Far East outside Japan has an important impact on Japan's security."

The new outline stipulates that the Japan-U.S. security arrangements "secure peace and stability in Japan's surrounding regions" and that reconfirmation of the Japan-U.S. Security Treaty will contribute to safety in the Asia-Pacific region. Therefore, the DA concluded that it is necessary to make a concrete study of how Japan should cooperate with the United States in the event of an emergency in the Far East. Moreover, the new outline gives up the idea of "repelling limited and small-scale aggression by itself." It is based on the precondition that Japan and the United States will unfold joint maneuvers from the beginning. Therefore, it is true that consistency cannot be maintained under the current guideline.

However, it is expected that the process of revising the guideline will face hard sailing because the issues of dispatching the SDF to settle situations abroad, allowing the USFJ to use military bases in Japan, and providing facilitative assistance to the USFJ, including repair of military equipment, are related to the right of collective self-defense. A senior DA official said: "I wonder how far we can go on these matters? There are many difficult issues."

The DA will begin to hold discussions with concerned ministries and agencies, including the Foreign Affairs Ministry, and plans to establish under the Japan-U.S. Security Council (two plus two) a working committee, which will be joined by the Joint Staff Council and USFJ headquarters.

DA To Expand Hijyudai Exercise Field in Oita

OW1601013496 Naha RYUKYU SHIMPO in Japanese 11 Jan 96 Morning Edition p 2

[FBIS Translated Text] It was learned on 10 January that the Defense Agency [DA] decided to expand the Ground Self-Defense Force's [GSDF] Hijyudai exercise field (approximately 4,900 hectares) which stretches over Kusu, Kokonoe, and Yufuin, three local towns in Oita Prefecture. The budget to purchase the land has already been incorporated in its FY96 budget plan.

Hijyudai field is one of the alternative sites for the relocation of the U.S. military's live-fire exercises over the prefectural highway in Okinawa. The DA says, however: "The relocation has nothing to do with our expansion plan. Since the budget is still being discussed, we cannot make it open to the public yet."

Although a landowner agreed to sell the land about three years ago, local people say "If there is relocation behind this plan, we have no choice but to oppose it. The central and local governments must appropriately open the information," (Kentaro Nakatani, Yufuin Hot Springs Tourism Association chairman).

To expand the west side of the field, the DA intends to purchase approximately 97 hectares from Komatsudai ranch — a livestock firm invested by Kusu town — and another town-owned 16 hectares.

The ranch is about three kilometers away from the impact point of the GSDF's live-fire exercises. Five years ago an accident took place and an antitank missile was fired over the range. Considering this, the DA offered to buy the ranch out from the "JA [Japan Agricultural Cooperatives] Oita Kusu town." In reply, Masayoshi Kajiwara, head of the Kusu JA union, said: "There have been no specific negotiations yet. We decided to sell the land before the relocation issue arose. It is regrettable that the expansion was linked to the relocation."

All three towns have already adopted a resolution to "protest against the transferring of the U.S. military to Hijyudai" at their assembly meetings held last December.

FSX Parts Export 'Does Not Violate' Principles

OW0801113896 Tokyo TOKYO SHIMBUN in Japanese 5 Jan 96 Morning Edition p 1

[FBIS Translated Text] Mass production of the next-generation support fighter aircraft (F-2 or FSX) will start in fiscal 1996. In this regard, the government hardened its view that export of FSX parts to the United States does not violate Japan's principles for a ban on arms exports, including the three principles on arms exports. This is based on the interpretation that "the parts will ultimately be shipped back to us and used as Japanese military equipment." Since this will be the first case of exporting parts for production of equipment recognized as a weapon, however, the issue will likely create a stir at an ordinary Diet session.

Mass production of the F-2, which Japan and the United States started to develop jointly in 1988, will start in FY96. This is the first Japan-U.S. joint production of a military weapon. Expenses are earmarked in the FY96 budget draft for production of 11 aircraft.

Among other things, Japan was in charge of developing a high-performance radar and the United States developed an engine for the aircraft. In the future, Japan and the United States will jointly produce the aircraft; 60 percent by Japan and 40 percent by the United States, in principle. In accordance with a production schedule based on these percentages, aircraft parts will be shipped from Japan to the United States for assembly. After that, they will be shipped back to Japan for completion. The aircraft parts to be exported, including bolts, will be categorized as weapons. The three principles ban arms exports to all countries. However, the Ministry of International Trade and Industry and the Defense Agency [DA] are saying that 1) all parts will be recovered ultimately and used in Japan and that 2) it is not against the basic idea of the three principles for evading escalation of international conflict.

A new Defense Plan Outline spells out the need to "improve broad mutual exchanges in the field of equipment and technology" for improvement of the Japan-U.S. security system's reliability. Also, the DA director general said that he will "keep harmony with effective application of the Japan-U.S. security system." Because of these, it is possible to conclude that export of FSX parts can be treated as an exception within the framework of the security system. It is said that these factors became foundations of the government's view.

In 1983, a cabinet meeting approved a plan designed to "grant arms technology to the United States." This plan approves arms exports, accompanied by the technological grant, as an exception. Similarly, the government also studied the possibility of introducing a measure to remove the ban on arms exports only to the United States. During the process of mapping out the new outline, however, the Social Democratic Party of Japan showed its stance against removing the ban and claimed, among other things, that a ban on arms exports be spelled out. Because of this, the government leaned toward the idea of dealing with the issue on the basis of the aforesaid interpretation. Japan-U.S. joint research and development of arms technology was expanded to development of a supersonic rocket engine, a ceramic engine for combat vehicles, and other equipment. It seems that their production will start in a few years. The government will likely focus its discussions on whether further mutilation of the principle for banning arms exports, with the F-2 issue as the start, is right or wrong.

Expert Discusses Security Treaty With U.S.

OW0501124396 Tokyo YOMIURI SHIMBUN in Japanese 28 Dec 95 Morning Edition p 10

["Contention" column by Masamori Sase, professor at National Defense Academy: "Japan-U.S. Security Ties is Driving Force of World Peace"]

[FBIS Translated Text] Arguments over Japan-U.S. security ties are becoming lively. As an international relations expert, I would like to contribute an article to describe my personal opinion.

I would like to cite the words of Prime Minister Tomiichi Murayama as an introduction to my article: "Relations between Japan and the United States are maturing as it was confirmed in my January meeting with U.S. President Bill Clinton. Today, the two nations share the responsibility for the world's peace and prosperity." Following a remark made in a speech given to high-ranking Self- Defense Forces [SDF] officers mid-September, the prime minister added that he and President Clinton also "reconfirmed the two nations' stance to maintain the bilateral security ties as the core of the cooperative relationship."

This was not a sudden policy change for the socialist prime minister. After his commitment on the "maintenance of Japan-U.S. security ties" in the July 1994 policy speech, he made similar remarks when he reviewed troops in October 1994, and when he attended the graduation ceremony of the National Defense Academy in March 1995. According to Murayama, Japan-U.S. relations are "the most important bilateral relationship for both nations, and are extremely significant for the peace and stability of Asia and the entire world." He noted, on that ground, that Japan should try its best to "maintain and improve" the reliability of "the Japan-U.S. security ties as a political foundation."

The Social Democratic Party of Japan [SDPJ] has been opposing the Japan-U.S. Security Treaty throughout the Cold War period, saying the treaty may involve Japan in wars started by the United States. I did not agree with such an opinion, but I can accept the aforementioned perceptions of the prime minister. Maintenance and improvement of bilateral security ties is indispensable not only for the two nations, but also for the entire world. The Japan-U.S. Security Treaty was concluded as a product of the Cold War, but it obtained global significance after the Cold War. This is an interesting paradox, but we have to think again about how the paradox came to be. In a way, the answer is quite simple. Just as NATO is the security framework for the United States and Western Europe, the Japan-U.S. Security Treaty has been an effective tool for preventing East-West disputes during the Cold War period; and its proven war prevention system and crisis management capability are in even greater demand in the post-Cold War world in line with the obvious increase in possibilities of unexpected military conflicts. The prime minister's recent remarks just show his sound recognition of the trend.

As NATO is now carrying on operations in Bosnia-Herzegovina beyond the "sphere" of the treaty, war prevention or crisis management operations may be carried on outside the conventional coverage area. Today, even "nonmember" nations expect regional security frameworks like NATO and the Japan-U.S. Security Treaty to play war prevention and crisis management roles beyond the "sphere of the treaty." This may stimulate those who debated over the definition of "the Far East" referred to in the Japan-U.S. Security Treaty, but I would like to note three points as follows:

First, even Prime Minister Murayama is no longer interested in the old debates on the definition of the Far East. In the aforementioned speeches, the prime minister repeatedly said he regards the Spratly Islands as one of the uncertain areas — as well as the Korean peninsula and the northern territories [Kuril Islands] — "around Japan" (the prime minister did not mention the Taiwan Strait probably because of certain political considerations). The Spratly Islands are apparently not in "the Far East," but everybody knows Japan's security interests reach into the area after the national debates about 15 years ago on the defense of the 1,000 nautical mile sea lane.

Second, the "sphere" of the Japan-U.S. Security Treaty and the NATO Treaty is not over the bounds of security interests, but the bounds of treaty obligations.

The third point is most important. Article 4 of the Japan-U.S Security Treaty regulates bilateral consultations to be held when "the security of Japan or international peace and security in the Far East is threatened," but such threats may not always occur within the "treaty sphere." In other words, conflicts or crises outside the "treaty sphere" can threaten peace and security of areas within the "treaty sphere." This is why NATO troops are sent to Bosnia and Croatia beyond the "sphere" of the NATO Treaty. Based on the same reason, Article 6 of the treaty "grants" the United States the use of facilities and areas of Japan to cope with threats from outside the "treaty sphere." Just as NATO has no obligation to dispatch troops to the Balkan Peninsula, U.S. forces have no obligation to use bases in Japan when they must carry on operations outside the Far East. But this does not mean the security policy of Article 6 distinguishes between inside and outside the "treaty sphere."

In the 1994 review of troops, Prime Minister Murayama instructed SDF officers to "deepen understanding of the sublimity and importance of the duty to defend the peace and security of Japan and the world." Taking into account the SDF's principle of an exclusively defensive defense, this is obviously not a sign of Japan's desire to send the SDF overseas; however, the prime minister's remark is senseless without the recognition that Japan's security is closely related to global security. In other words, security "inside" and "outside" the sphere of the security treaty are inseparable.

I would like to make a proposal. The Japanese Government should clearly convey to the United States its perception that global security is inseparable from Japan's own security, and that Japan is ready to use bilateral security ties to achieve this goal. That is the right direction for the maintenance and improvement of Japan-U.S. security ties which was advocated by the prime minister.

Tsukahara on Deregulation, Semiconductor Accord

OW1501050896 Tokyo MAINICHI SHIMBUN in Japanese 13 Jan 96 Morning Edition p 11

[Report on news conference by Shunpei Tsukahara, international trade and industry minister, with domestic correspondents on 12 January; place not given]

[FBIS Translated Text] **Showing Active Stance on Deregulation Promotion**

Shunpei Tsukahara, new trade and industry minister, gave his view on the government's deregulation during our interview. He said: "I was not pleased with the Ministry of International Trade and Industry's [MITI] handling of deregulation (such as its tough stance on agricultural issues)." These comments reflected his dissatisfaction with MITI's past efforts at promoting deregulation.

However, he added: "If MITI does not take the initiative, no progress will be made in deregulation. I will try hard while transcending the existing political framework." With this, the minister stressed his intention to tackle the issue in a positive manner.

Regarding the Japan-U.S. semiconductor accord, which will expire in July, Tsukahara took the stance of not agreeing on its extension. He argued, "The goal of the accord (which is to increase the share of foreign products in the Japanese market up to 20 percent) has been already achieved. I would like to claim what is right with courage."

On Japan's relations with Asia, the minister said, "Japan can make big contributions to the world by working hard with the Asia-Pacific Economic Cooperation (APEC)." He revealed his policy that Japan must act as a mediator between Asia and the United States.

Action Against Used Tractor Sales in U.S. Sought

OW1701050096 Tokyo KYODO in English 0442 GMT 17 Jan 96

[FBIS Transcribed Text] Osaka, Jan. 17 KYODO — Kubota Corp., Japan's top manufacturer of farm machinery, said Wednesday [17 January] it has asked the U.S. International Trade Commission (ITC) to issue an injunction against U.S. importers and Japanese exporters of the company's used tractors.

In filing an appeal for an injunction against a total of 20 Japanese and U.S. traders and distributors, Kubota said the sales of the used tractors are undermining the overall image of Kubota products, as the used tractors which are designed for Japanese rice farmers do not meet the needs of the U.S. market.

Kubota is currently exporting tractors to the U.S. market and they are being distributed through a regular web of distributors. These new tractors can be adapted for various uses by being equipped with a variety of attachments, such as a mowing attachment made by Kubota's U.S. subsidiary, Kubota Manufacturing of America Corp. (KMA) in Georgia, according to Kubota.

Sales of the used tractors have already caused confusion among U.S. consumers who have bought the second-hand Kubota tractors, as they cannot be equipped with various attachments made by KMA.

The sales of the used tractors in the U.S. amount to an infringement upon the company's right of trademark, as they tarnish the image of new Kubota products, the company said.

'Full-Fledged Campaign' for UNSC Launched

OW0801114496 Tokyo ASAHI SHIMBUN in Japanese 3 Jan 96 Morning Edition p 3

[By Kazuo Sato]

[FBIS Translated Text] New York, 2 Jan — The Japanese Government — which announced its plan to run in the UN Security Council [UNSC] nonpermanent member election to be held this fall at a UN General Assembly session — launched a full-fledged campaign aimed at winning the election. Besides Japan, India announced its candidacy for the election, in which only one country will be elected a successor to Indonesia, whose term will expire at the end of 1996. So far, Japan has served as nonpermanent UNSC member seven times. However, the forthcoming election will be an exclusive contest between Japan and India. "There is no doubt that it will be an unprecedentedly severe election" (according to a senior official of the UN representative).

Both countries seek nonpermanent UNSC membership while aiming at becoming a permanent UNSC member through UNSC reform. They are doing so because it is difficult to predict the future of UNSC reform.

On Japan's candidacy for the nonpermanent UNSC seat, Wataru Owada, ambassador to the United Nations, explained: "Regardless of permanent or nonpermanent, it is important, in terms of fulfilling Japan's responsibility and role, to win a UNSC seat. We can reflect Japan's ideas in policy decisions." Assigning people in charge of the election, Japan began to work on other countries for their vote and to take the final step toward counting votes. However, it is said that many countries have not disclosed their stand.

A focal point for Japan for the time being is whether or not it can win Asian countries' support at a meeting of the Asian regional group, which determines on regional recommendation. Japan thinks that "it will be difficult to win, at the initial voting, the two- thirds vote needed to win the election."

Since a nonpermanent UNSC member nation cannot be reelected for a second consecutive term, Japan and India have so far kept a seat at the UNSC after a period of absence.

There is no direct relation between the forthcoming election and joining the UNSC when the number of permanent UNSC member nations is expanded. However, a winning nation's qualification as a permanent UNSC member may be asked for depending on the election's outcome. This makes the election exciting.

So far, India has not done anything for the election. India admits that "it cannot count its possible votes until the election is near at hand." However, Japan is afraid of India's latent power. It is said that the election is the "biggest task" for Japanese UN policy for the time being (according to a senior Foreign Affairs Ministry official).

Japan is the most frequent winner of the election. Next to Japan, India has won six times. Lately, Japan held the nonpermanent UNSC member seat from 1992 to 1993 and India from 1991 to 1992.

Embassy: Military Attaches Asked To Leave PRC

OW1701163796 Tokyo KYODO in English
1107 GMT 17 Jan 96

[FBIS Transcribed Text] Beijing, Jan. 17 KYODO — China has requested that a Japanese attache and a U.S. military attache leave the country by Friday [18 January] after temporarily detaining and questioning the two men over alleged spying during a trip to southern China, the Japanese embassy said Wednesday.

The two men are Col. Kenji Maetani, leading air force attache to the Japanese embassy, and Lt. Col. Bradley Gerdes, a U.S. Air Force attache to the U.S. Embassy, Japanese diplomats in Beijing said.

The two, traveling together, were detained Jan. 11 for trespassing into a restricted military area by taxi near a military airfield in Suixi on the Leizhou peninsula in Guangdong Province.

After lengthy interrogations by Chinese authorities, Gerdes and Maetani were released the following day and returned to Beijing only to find that their governments had been asked to summon them home by Friday.

Beijing says the two men violated the National Security Law when trespassing into the Suixi military base, located some 40 kilometers north of Zhanjiang, where the South China Sea Fleet is headquartered.

Maetani, however, claims that he "did not deliberately trespass into a restricted area," the officials quoted him as saying.

The Japanese Foreign Ministry has protested Maetani's temporary detention, arguing it violated the international Vienna Convention, which awards diplomats immunity against arrest.

The ministry has acknowledged, however, that the attache had entered a restricted area and will call him home in line with China's request.

"It is extremely regrettable that such a thing has happened," a ministry official said.

Tokyo hopes to handle the issue in a low-key way to avoid straining bilateral ties, although it is the first time since both nations established diplomatic relations in 1972 that Beijing has detained a Japanese diplomat.

U.S. State Department officials did not reveal whether Washington would order Gerdes to return home but expressed hopes the incident would not adversely affect already strained ties with China.

State Department Spokesman Nicholas Burns told reporters that Gerdes, stationed at the U.S. Embassy in Beijing, was traveling on official business with the permission of the Chinese Government.

Burns denied that the U.S. military attache was engaged in intelligence gathering activities, saying, "I wouldn't describe it in any way like that. I would describe it as routine official business by a member of the U.S. Embassy."

According to Japanese Embassy officials, Maetani and Gerdes apparently first drew the attention of Chinese authorities when taking pictures near a military base in Haikou, the capital of the southern island province of Hainan on Jan. 8.

At that time the two men were warned that they had entered a restricted military area.

Embassy Expresses Regret

OW1701164296 Tokyo KYODO in English
1222 GMT 17 Jan 96

[By Robert J. Saiget]

[FBIS Transcribed Text] Beijing, Jan. 17 KYODO — The Japanese Embassy in Beijing expressed regret Wednesday [17 January] over the earlier entry of a Japanese military attache into restricted military zones in southern China, but protested that his detention and interrogation was a violation of the International Vienna Convention.

A Japanese Embassy official, speaking on condition of anonymity, confirmed that Col. Kenji Maetani, 41, Japan's air force attache in China, had wandered into restricted military zones in the southern provinces of Hainan and Guangdong.

Maetani was traveling with U.S. Lt. Col. Bradley Gerdes, the U.S. assistant air force attache in China.

The two were first warned in Hainan not to take pictures in the area and then detained and interrogated by Chinese officials upon their entry into the second restricted zone three days later, the Japanese diplomat said.

China's Foreign Ministry lodged protests with both Japan and the United States, while calling the entry into the military zones a violation of its sovereignty and a premeditated, deliberate act.

Beijing has asked Japan and the U.S. to recall the two attaches from their postings in China.

The Japanese official said that the two men had left Beijing on Jan. 7 and were warned on Hainan Island on Jan. 8 that they were in a restricted zone and were prohibited from taking pictures there.

He said that on Jan. 11, the two military officers went to a military air base near Suixi, Guangdong Province, by taxi with a Chinese driver and were unaware they were in a restricted zone at the time of their detention.

They were then questioned for 19 hours and were not allowed to contact their embassies at the time, actions which the official said were in violation of the Vienna Convention on diplomatic relations. Both men returned to Beijing last Saturday.

The Japanese official said Maetani was carrying out normal work "to investigate and gather information" and said his trip was approved by the Japanese Embassy.

Beijing says the two men violated the National Security Law when trespassing into the Suixi military base, located some 40 kilometers north of Zhanjiang, where the South China Sea Fleet is headquartered.

Maetani, however, claims that he "did not deliberately trespass into a restricted area," Japanese Embassy officials quoted him as saying.

In Tokyo, the Foreign Ministry protested Maetani's temporary detention, arguing it violated the Vienna Convention, which awards dipomatic immunity against arrest.

The ministry acknowledge, however, that the attache had entered a restricted area and will call him home in line with China's request.

"We regret this matter," the Japanese diplomat in Beijing said, adding that Japan hopes it would not harm Japanese-Chinese relations, while expressing Japan's concerns over Chinese military activity in the South China Sea, especially in relation to the long-standing dispute over the Spratly Islands.

U.S. State Department earlier maintained that Gerdes' mission was "with the permission of the Chinese Government" and that he was going about normal "official business."

The incident was remarkably similar to one last summer in which two U.S. military attaches were found to have entered a restricted military zone in Fujian Province by bicycle at a time when Beijing was carrying out military exercises north of Taiwan.

Chinese restricted military zones are often left unmarked and sometimes are only restricted to entry by foreigners, while ordinary Chinese come and go with little official interference.

A statement released by China's Foreign Ministry said the two men had their film and videotape confiscated when first warned on Hainan island and had signed a written admission of their activities there.

The activities of the two men "seriously infringed on China's sovereignty and harmed China's national security," while violating Chinese law and the Vienna Convention, which calls on foreign diplomats to "respect the laws and regulations of the host country," it said.

China lodged protests with the Japanese and U.S. embassies in Beijing on Saturday, while calling on the their governments to recall the two attaches.

"Gerdes and Kenji Maetani without permission entered twice into restricted Chinese military zones to illegally steal Chinese military intelligence. The facts are clear and the evidence is conclusive that these activities were premeditated and with an objective end," it said.

Portillo Urges Closer Military Ties

LD0801090196 London PRESS ASSOCIATION in English 0851 GMT 8 Jan 96

[By Sian Clare, Political Correspondent, PA News]

[FBIS Transcribed Text] Defence Secretary Michael Portillo today risked the wrath of war veterans by calling for closer military ties between Britain and Japan.

Japan could relieve the burden on Britain's forces because it was now willing to supply peace-keeping forces around the world, he said.

Mr Portillo, who is meeting Japanese politicians today during a four day visit to Tokyo, described Japan as a "force for stability" in the modern world.

But former prisoners of war, who remain bitter over their treatment at the hands of the Japanese during the Second World War, will not welcome any boost to their military role.

Seeking to ease the veterans' fears, Mr Portillo said: "I think they could only be upset if there was a misunderstanding about what we're doing here.

"We're not inviting Japan to become aggressive. Indeed Japan at the moment is in the process of reducing her forces further and she sticks strongly to the principle that her forces are there only for self-defence.

"But the fact is that around the world today countries that have international responsibilities have to be willing to go to far off countries in order to help to keep the peace and preserve human life.

"The Japanese are interested in making that sort of gesture. They're backing up what they already do with their money."

He added that during his visit: "I have raised the very sensitive subject of the prisoners of war of the Japanese.

"I raised that this morning with the Japanese foreign minister and he commented that that was a matter that could never be forgotten."

Challenged about the lack of experience of Japanese troops, who have hardly operated outside home territory for 50 years, he said it was true that they had not done much peacekeeping.

But he told BBC Radio 4's Today programme: "They've been putting their toe in the water already. They're involved in a number of operations."

And he said Japan had a professional army with no conscripts.

UK Minister Hopes Tokyo To Help Rebuild Bosnia

OW0801120996 Tokyo KYODO in English 1119 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — British Defense Secretary Michael Portillo said Monday [8 Janaury] he did not expect Japan to help with peacekeeping operations in Bosnia, but expressed the hope Tokyo would help with the reconstruction of the war-torn Balkan nation.

Portillo is in Japan for meetings with Japanese Government and defense officials and told the press Monday that he hoped to see better contacts between the armed services of the two nations for improved coordination in peacekeeping operations.

Portillo said that the "robust military operation" in Bosnia, under the North Atlantic Treaty Organization (NATO), will cost "hundreds of millions of pounds" and that each NATO member would shoulder a fair share of the burden.

He added that while Japan will not be asked to help with the military operation, "we very much hope that Japan will participate in the reconstruction of Bosnia which will be another very expensive proposition."

In an earlier meeting, Foreign Minister Yohei Kono said Tokyo is willing to help with the restoration of Bosnia, but asked that London contribute to an international consortium to provide North Korea with light-water nuclear reactors which produce less weapons-grade plutonium for atomic bombs.

On Monday, a committee was established to decide the scope of Japan-British cooperation in security matters, Portillo told the press.

He suggested that "all of our services should develop their contacts at officer-to-officer level," adding he hoped the British chief of the air staff can visit Japan during the coming year.

"I do think that with peacekeeping operations in mind, where so often you have to transport people or food into a difficult humanitarian position, it makes sense for there to be better contact between these forces," Portillo said.

He also remarked that the reversion of Hong Kong to China in 1997 "will not be the end of Britain's interest in the Asia-Pacific region," adding that the removal of British forces from Hong Kong would not likely have an impact on the military balance in the area.

Portillo called the situation in North Korea unpredictable and said South Korea and the United States are correct to be in a state of readiness.

He suggested that if hostilities were to break out on the Korean peninsula, "we would look to the United States and South Korea to propose whatever action was necessary and we would respond to what they said in the light of the circumstances at the time."

Britain and Japan have a "close identity of interests in security matters," Portillo said, adding that he and Defense Agency Chief Seishiro Eto discussed how the two countries "can work together further to promote security and share experience in peacekeeping operations."

Bhutto Hopes To Boost Software, Manpower Ties

OW1801074396 Tokyo KYODO in English 0641 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Pakistani Prime Minister Benazir Bhutto said Thursday [18 January] her country hopes to bolster its economy by strengthening cooperation with Japan in the information technology area.

Addressing a luncheon hosted by the Japanese business community, Bhutto said Pakistan is introducing courses in the Japanese language at its software technology training centers to tap in the demand for software engineers in Japan.

"We believe that by introducing the Japanese language in our computer-learning centers we will become one of the prime suppliers of software technology and skilled manpower to the great nation of Japan," Bhutto said.

She called on Japanese-language training institutions to support Pakistan's software export initiative.

The 42-year-old prime minister arrived in Tokyo on Wednesday for a four-day official visit to promote bilateral economic ties.

Pakistan's trade volume with Japan came to $1.5 billion in fiscal 1994, and it received $600 million in aid from Japan the same year, Japanese figures show.

The head of a group of Japanese trading companies said in his welcoming address that along with a functioning economic infrastructure, the "amelioration of social problems is also indispensable" to attract foreign investors to Pakistan.

Improvements are needed in many fields including adult literacy, sanitation, infant mortality, nutrition and the status of women, said Koichiro Ejiri, president of the Japan Foreign Trade Council.

Bhutto is scheduled to meet with Prime Minister Ryutaro Hashimoto later Thursday.

On Friday, she will inaugurate an investors' conference arranged by Pakistan's Board of Investment. It will be attended by Pakistani and Japanese business leaders.

Peaceful Solution to Kashmir Issue Urged

OW1801123996 Tokyo KYODO in English 1205 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Prime Minister Ryutaro Hashimoto on Thursday [18 january] urged a peaceful solution through dialogue to the decades-old dispute between Pakistan and India over Kashmir, a Foreign Ministry official said.

"It is important (for Pakistan) to peacefully resolve the Kashmir issue through dialogue," the premier was quoted as saying in a meeting with his Pakistani counterpart Benazir Bhutto at his official residence.

Bhutto, in Japan on a four-day official trip which began Wednesday, replied that Pakistan has long tried to settle the territorial dispute with India and briefed Hashimoto on the historical background to the quarrel.

Since independence from Britain in 1947, Pakistan and India have fought two of their three wars over the disputed Kashmir state in the Himalayan region. They both claim ownership of the entire territory.

Bhutto said that India has not responded to Pakistan's efforts and has even refused to put the row on the negotiating table.

Bhutto also said Pakistan would be grateful if the Group of Seven major economic powers or other countries friendly to Pakistan acted as intermediaries for a possible compromise between the two nations.

During more than one and a half hours of discussion, Hashimoto reiterated the need for both Pakistan and India to strive to reopen their talks to achieve a breakthrough in the dispute, the official said.

The premier, who assumed office only last week, also urged that the two countries enter the nuclear Nonproliferation Treaty together.

Pakistan has taken the position that it will not take unilateral action over the international nuclear pact, which was signed in 1970 and extended indefinitely in April last year to check the spread of nuclear weapons.

Bhutto's Japan trip comes after news reports that India is poised to conduct its first nuclear experiment since 1974 and declare possession of nuclear arms.

Hashimoto also pointed to the need to conclude as quickly as possible the proposed Comprehensive Test Ban Treaty (CTBT), which aims at a global ban on all underground nuclear tests.

The CTBT is expected to be concluded and signed by fall.

Hashimoto also explained Japan's stance on reform of the United Nations, including the Security Council.

While showing understanding toward Japan's desire to win a permanent seat on the powerful UN body, the Pakistani leader said criteria must be clarified if membership of the council is to be enlarged.

Bhutto, daughter of the late President Zulfikar Ali Bhutto, visited Japan in February 1989 to attend the state funeral of the late Emperor Hirohito, posthumously called Emperor Showa.

Tokyo Extends Low-Interest Loan to Pakistan

OW1801021396 Tokyo KYODO in English 0134 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Japan has extended a low-interest loan of up to 20 billion yen to Pakistan to help finance a hydroelectric power plant project in that country, government officials said Thursday [18 January].

Notes on the yen-denominated official credit were exchanged between Foreign Minister Yukihiko Ikeda and Pakistani Foreign Minister Sardar Asif Ahmad Ali the same day in Tokyo, the officials said.

Tokyo provides the 30-year untied loan with a grace period of 10 years and an interest rate of 2.3 percent per annum, the officials said.

Ali is accompanying Pakistani Prime Minister Benazir Bhutto, who arrived in Japan on Wednesday for a four-day stay.

Bhutto will confer with Prime Minister Ryutaro Hashimoto later Thursday, and have an audience with Emperor Akihito and Empress Michiko on Friday.

She will also meet business leaders in a bid to boost Japanese investment in her country.

Official Says Economy Showing Positive Signs

OW0801080296 Tokyo KYODO in English
0659 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — The Japanese economy is showing positive signs and the government hopes to put it on a solid recovery track as soon as possible by implementing a stimulus package announced last fall, a senior trade ministry official said Monday [8 January].

"Industrial production is believed to have remained on an uptrend in the October-December quarter and is likely to keep growing in January," said Vice Minister of International Trade and Industry Tomio Tsutsumi.

The trade ministry said last month that industrial production is "showing signs of recovery" when it announced that November output gained a preliminary 1.3 percent from the October level for the second straight monthly increase.

Meanwhile, Tsutsumi said the ruling coalition's policy package mapped out Sunday night honors the policy stance taken by the ministry as it addresses support for small businesses, reform in economic structure and economic stimulus efforts.

The package calls for providing small businesses with more credit, promoting start-up ventures and companies' entry into new business fields, and ensuring an economic turnaround with an early adoption of the fiscal 1996 budget, among other things.

Tsutsumi also said it would be "delightful" if Ryutaro Hashimoto, trade minister and the president of the Liberal Democratic Party, the largest member of the tripartite coalition, is elected as Japan's next prime minister.

"(Hashimoto) did a great job as trade minister and commands deep understanding of trade and economic issues," Tsutsumi said.

Keidanren Reveals Economic Vision Toward 2020

OW1801093996 Tokyo KYODO in English
0904 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — The Federation of Economic Organizations (Keidanren), Japan's most powerful business lobby, Tuesday released a new economic vision toward 2020, calling for a substantial reduction in the ratio of direct taxation.

Proposing a nation where creativity and vitality can be fully respected, Keidanren itemized 21 priority action plans in 10 areas to be taken toward 2020, when the nation's population is expected to peak.

Recommendations ranged from streamlining government offices and conditions for selection of new capital to review of the nation's fiscal investment and loan system, as well as tax reforms.

The general plan said the ratio of direct taxation against indirect taxation should be curtailed from the current 70 percent to 50 percent through a raise in the consumption tax and a combined reduction of 10 trillion yen in corporate and income tax.

Specifically, Keidanren proposed a consumption tax hike to 7 percent in fiscal 2000 and to 12 percent in fiscal 2005, following a scheduled raise to 5 percent in April next year, a scheme expected to cut the direct tax ratio to 49 percent by 2020.

Also, the plan recommended introduction of a taxpayer numbering system and a comprehensive taxation system for income taxes.

On the streamlining of the bureaucracy, Keidanren proposed unifying Japan's trade channels which are currently divided between different ministries such as the foreign and trade ministries.

It cited the office of the U.S. Trade Representative as one example to use as a model.

On the fiscal front, Keidanren called for a drastic review of the current fiscal investment and loan programs by placing the postal savings and postal insurance systems into private management.

If the current system is left intact, the financial burden to be shouldered by the people will increase, Keidanren said.

Panel To Propose Review of Consumption Tax

OW1301095096 Tokyo KYODO in English
0731 GMT 13 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 13 KYODO — The government tax panel will propose a drastic review of the consumption tax, which is scheduled to be raised from the current 3 percent to 5 percent in April next year, panel sources said Saturday [13 January].

The tax commission, an advisory body to the prime minister, is considering proposing the introduction of several consumption tax rates, among other proposals, in its interim report to be compiled by fall, the sources said.

In the report, the commission, headed by Kan Kato, will also recommend a possible hike in the consumption tax after it is raised to 5 percent next year.

The tax commission will start full-fledged discussion on the tax system, including the consumption tax, from April, the start of the next fiscal year, the sources said.

In Japan, tax revenues have fallen since their peak in fiscal 1990 at 60,105.9 billion yen. Revenues for fiscal 1996 starting April are estimated at 51,345 billion yen, down 4.4 percent from the previous year.

The decline in the overall tax proceeds is due mainly to sluggish corporate and income tax revenues stemming from the country's prolonged slack economy.

The ratio of direct taxes such as income and corporate taxes to the government's total revenues in Japan is 67 percent, higher than that of other industrialized countries such as Britain, with 54 percent, and Germany, 48 percent.

The panel is considering reducing dependence on direct taxes, which is vulnerable to the economic climate, by raising the consumption tax rate in the future to secure stable tax revenues, the sources said.

To avert public criticism against a proposal for a possible hike in the consumption tax, the commission is considering recommending the introduction of several consumption tax rates to replace the current unified tax rate and imposing a lower tax rate on foodstuffs.

The tax bill to raise the consumption tax to 5 percent in April next year cleared the Diet in November 1994.

However, according to a provision attached to the legislation, the size of tax increase will be reviewed by the end of September this year based on such factors as the country's fiscal conditions before the implementation of the consumption tax hike.

Declared Land-Holding Taxes Show Drop in 1995

OW1501051496 Tokyo KYODO in English 0435 GMT 15 Jan 96

[Embargoed by KYODO until 0230 GMT 16 January]

[FBIS Transcribed Text] Tokyo, Jan. 15 KYODO — Declared land-holding taxes plunged 19.3 percent in 1995 from a year before to 401.6 billion yen, reflecting sluggish land transactions, the National Tax Administration Agency said Monday [15 January].

The drop stemmed mainly from an average 13.3 percent fall in land prices last year and followed a double-digit year-on-year decline in 1994, the agency said.

Mitsubishi Estate Co., owner of first-class buildings and land lots in central Tokyo, led the list of top land-holding tax payers for four straight years since the introduction of the tax in January 1992, reporting about 6.09 billion yen last year, down 1.72 billion yen from 1994.

Declared land-holding taxes for Kobe Steel, Ltd., Daimaru Inc., a major department store chain, and other companies nose-dived because of the Jan. 17 earthquake, which left over 6,000 people dead.

The agency logged 24,623 cases of declared land-holding taxes — 19,937 cases by companies and 4,686 cases by individuals — down 12.6 percent, with land-holding taxes imposed reaching 186.75 trillion yen, down 15.9 percent.

Hanjiro Tamura, a sake distiller in Tokyo's Fussa, was the nation's top land-holding taxpayer with 82.9 million yen in 1995, a 9.2 percent drop from 1994, the agency said.

Takeshi Fukuzawa, president of Mitsubishi Estate, blasted the land-holding tax as "an extremely unfair tax," which he said has become a stumbling block to normal economic activities.

He joined other business leaders in calling for dismantling the tax, saying it was introduced in 1992 as a stopgap measure to address problems caused by the burst of the "bubble" economy.

NPA Sets Up Office To Handle Bad Loan Cases

OW1201031396 Tokyo YOMIURI SHIMBUN in Japanese 9 Jan 96 Evening Edition p 14

[FBIS Translated Text] On 9 January, the National Police Agency [NPA] set up "the Office for Handling Financial and Bad Loan Cases" under the Criminal Investigation Bureau [CIB] in order to handle bad loan cases involving financial and other institutions. To start strengthening the system of controlling illegal cases, particularly such cases as bad loans related to housing loan companies (jusen), NPA will hold a meeting of investigation division chiefs of the Metropolitan Police Agency and other 12 prefectural police departments, including the Osaka Police Department, on 12 January. Regarding those cases in which penal responsibility for either creditors or borrowers has been confirmed, including illegal acts concerned with collection of bonds, the NPA has decided to "strictly deal with" them.

In addition to chief of the Second Investigation Division (in charge of financial crimes) and chief of the Second Investigation Division on Countermeasures for Gangsters Organizations (in charge of crimes involving gangster groups), the countermeasure office set up under the CIB will be composed of 15 members with the CIB Chief as head of the office. The office members will take the lead in settling illegal cases while cooperating with other concerned organizations, including the Finance Ministry, judicial and prosecutorial authorities.

The participants in the 12 January meeting will come from the police departments of those prefectures where jusen's head, branch, and business offices as well as bankrupted financial institutions are located. At the meeting, division chiefs in charge of investigations into cases involving intellectual offenses and cases involving gangster organizations will discuss countermeasures for the future, hoping that all the participants will fully have a common understanding [about the seriousness of the situation].

According to the Agency, police authorities have so far received complaints against such medium-size financial companies as the "Nishiki Finance Corp." and "Kizushin Teito Shoken" (both located in Osaka city) for alleged fraud and other charges. Since more than one prefecture is involved in some cases, it has become indispensable for the police authorities to launch a nationwide investigation.

At a conference of cabinet members held on the morning of 9 January, Takashi Fukaya, chairman of the National Public Safety Commission, made a report on the measures that have been taken by police authorities. Prime Minister Tomiichi Murayama once stated: "Our people have severely criticized that despite the fact that creditors and debtors have caused serious trouble today, they are still allowed to live a comfortable life. The relevant ministries and agencies should keep in touch with one another in order to settle these problems."

LDP Members Urge Freeze on Jusen Plan

OW1601122296 Tokyo YOMIURI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 3

[FBIS Translated Text] Some members of the Liberal Democratic Party [LDP] want a "freeze" on the plan, approved by the government during the Murayama administration, to liquidate special housing loan corporations (jusen). They want the plan to be temporarily suspended immediately after passage of the fiscal 1996 budget until investigations clarify who is responsible for the financial debacle. The move is aimed at easing opposition from the public. It is also designed to avert attacks from opposition parties at the next ordinary Diet session. However, it is uncertain how far the call for the freeze will grow within the ruling coalition because a decision to freeze the plan could rekindle public anxiety over the monetary system.

On 19 December the Murayama cabinet announced a plan to use public funds to cover part of 6.27 trillion yen in "initial losses" resulting from liquidation of the seven housing loan corporations. The government earmarked 685 billion yen in the fiscal 1996 budget as an "emergency fund to stabilize the financial system."

However, there is deep-rooted public criticism of the idea of using public funds to liquidate the housing loan corporations. As the coalition parties plan to review the rate of the consumption tax in September, there is a smoldering dissatisfaction among members of the ruling coalition parties. They say "there is no way to escape public criticism and the liquidation plan will have a major impact on the next general election."

In a monthly magazine, issued (on 10 January) before he became chief cabinet secretary, Seiroku Kajiyama stressed that the government had "mapped out plans, including measures to deal with post-war issues [haisen shori], by putting off the task of clarifying responsibility. It is an extreme example of putting the cart before the horse."

At a 12 January news conference after he was inaugurated as chief cabinet secretary, Kajiyama said: "As an individual, I would like to review the liquidation measures a little." It is against this background that some LDP members have begun to seek a freeze on the plan, saying: "As the current liquidation plan was approved by the previous administration, there is no problem in the new administration reviewing it. The government can easily take action if the dispute within the coalition escalates."

Hashimoto To Seek Public Support for Jusen Plan

OW1801040296 Tokyo KYODO in English 0342 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — The dominant ruling coalition partner Liberal Democratic Party (LDP) held an annual convention Thursday [18 January] and renewed its resolution to win the next general election of the House of Representatives.

Prime minister and LDP President Ryutaro Hashimoto told the assembly, "I think it is a consorted hope by party members and associated members to aim at a majority (in the lower house through the general election) in order to materialize our party's ideals and policies with support of the people."

In his speech, he also pointed out that of primary importance is economic recovery and proposed a scenario to restore the Japanese economy by the beginning of the 21st century with thorough reform of the economy and the employment system.

Hashimoto also pledged openness of information and clarification of responsibility of those concerned to win public support for the controversial government scheme to use 685 billion yen in taxpayers' money to liquidate the seven troubled housing loan companies [jusen].

He expressed the hope of finding a solution in a year for the difficult task of U.S. base cutbacks in the southwesternmost prefecture of Okinawa, saying he wants to meet Okinawa Gov. Masahide Ota as soon as possible to promote a solution.

The one-day convention came a week after the party took back the premiership after a lapse of nearly two and a half years, with the 58-year-old Hashimoto becoming prime minister, succeeding Tomiichi Murayama, chairman of the coalition partner Social Democratic Party (SDP).

Murayama and New Party Sakigake [Harbinger] leader Masayoshi Takemura, the finance minister under the Murayama administration, delivered speeches as guests at the conference, saying they support the Hashimoto cabinet.

During the congress at a Tokyo hotel, the LDP adopted the 1996 action plan stressing confrontation with its rival, the main opposition Shinshinto (New Frontier Party).

The action program says the LDP should win in the general poll in order not to hand power to Shinshinto.

In the election, the LDP will "fight" to protect the Japanese people from being ruled by Shinshinto, which the LDP accuses of being the political dummy of the large lay Buddhist group Soka Gakkai, a main supporter for the opposition party, the action plan says.

The LDP has stepped up its criticism of Shinshinto for allegedly being controlled by Soka Gakkai.

Shinshinto is poised to grill the Hashimoto administration during the 150-day regular Diet session convening Jan. 22 over the controversial government plan to liquidate seven troubled housing loan companies.

After the 71-year-old Murayama abruptly announced Jan. 5 he would resign as premier, the LDP, the SDP and Sakigake agreed to maintain their tripartite ruling coalition under Hashimoto.

Hashimoto became the first LDP prime minister since August 1993, when the party surrendered power to a non-LDP coalition government, which broke the LDP's uncontested 38-year grasp on power.

The LDP returned to power in June 1994, forming the three-party alliance, but at that time, it agreed to have Murayama as premier from the smaller coalition partner SDP.

Documents Show MOF 'Negligence' in Jusen Case

OW1801105996 Tokyo MAINICHI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 1

[FBIS Translated Text] On 14 January, MAINICHI SHIMBUN obtained internal documents of "Juso" (in Chuo Ward, Tokyo), which is one of failed housing loan companies (called jusen). The documents reveal that the seven trust banks which founded Juso conducted a joint survey of Juso's loans in December, 1991, after the bursting of the bubble economy, and predicted that Juso's bad loans would swell to some 900 billion yen. The documents also show that almost 50 percent of the outstanding Juso loans surveyed were feared to be becoming unsecured. After this survey, Juso's range of business was expanded into real estate development under a Juso reconstruction plan. However, in just a year after that, its nonperforming loans increased 1.4 times to about 1.26 trillion yen (as of March, 1993). The Ministry of Finance [MOF] and jusen founding banks are under criticism that although they had predicted the "failure" of the lending firms, they postponed taking measures to bail them out for a long time, thus allowing an increase in unrecoverable jusen loans. For the first time, the Juso internal documents confirm their negligence.

According to the internal records, the survey was conducted after then Juso President Masami Ichikawa asked the Juso founding banks for a deferral of debt repayment, reduction and exemption of interest for loans from them, and manpower assistance in October 1991. The board of the founding banks' presidents decided to give a helping hand to Juso and dispatched to the firm a survey team comprising seven officials, one from each of the seven founding banks.

The team examined Juso financing to major loan recipients, each with more than 2 billion yen in outstanding loans, as well as unpaid loans totaling 1.2031 billion yen to 237 companies that had failed to pay even interest on the loans or had already gone bankrupt. The companies surveyed accounted for 18 percent of Juso loan recipients, and their unpaid loans accounted for 80 percent of the total outstanding loans held by Juso. The results of the survey showed: 1) Juso's normal loans totaled 504.6 billion yen; 2) loans with reduced or no interest totaled 506.5 billion yen; and 3) loans in arrears, or loans on which both principal and interest are in arrears, totaled 192 billion yen.

The survey pointed out the possibility that 275.5 billion yen of the normal loans and 410.3 billion yen of the loans with reduced or free interest would become loans in arrears, warning that if this should happen, Juso's bad loans would increase to 877.8 billion yen. Moreover, if these Juso financing recipients sell the properties they had submitted as collateral, 47.2 percent of Juso loans would become without collateral, the survey predicted.

The founding banks formed a team to work out a Juso reconstruction plan. The team was composed of six members, two each from Mitsubishi Trust and Banking Corporation, Sumitomo Trust and Banking Company, and Yasuda Trust and Banking Company. Based on the outcome of the inspection by the surveying group, the team compiled a first reconstruction plan. The plan called on Juso to return to its "regular business" of lending housing loans to individuals from financing real estate developers for five years, starting in April, 1992. It also called for financial institutions to grant Juso a grace period for repaying debts and give manpower assistance to the company.

However, later the team had to revise the plan because Juso's bad loans ballooned after Juso's loan recipients became cash-strapped due to the prolonged depression of the real estate market. In April 1993, it worked out a second reconstruction plan featuring reduction and exemption of interest for loans to Juso by the founding banks and agricultural cooperative-affiliated financial institutions. At that time, Juso's bad loans totaled approximately 1.26 trillion yen. The amount decreased a little after Juso bought some of the loan recipients' properties. As of September 1995, Juso's bad loans totaled 1.19 billion yen.

Figures Show Bad Loans Role of Ex-Bureaucrats

OW1801114296 Tokyo KYODO in English
1035 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Former Finance Ministry bureaucrats were heading five of the seven bankrupt housing loan companies at the time the firms accumulated most of their bad loans, according to KYODO news survey released Thursday [18 January].

Two of the ex-bureaucrats are still in their positions. Since the late 1980s, a total of 14 Finance Ministry officials were given lucrative posts with housing mortgage firms upon retirement from government service, 12 of them as a company chairman or president.

Next week's Diet debate on the liquidation of the seven failed housing loan corporations is expected to probe into the responsibility of the former bureaucrats, as well as that of the Finance Ministry which helped them secure the positions.

The practice of rewarding retiring high-ranking officials with well-paid posts in private companies has often come under fire for cementing bureaucratic influence in the private sector.

The Finance Ministry sent retiring bureaucrats to all but one of the seven housing lenders right from their beginning in the 1970s. Their number reached a peak amid the real estate-driven "bubble" economy of the late 1980s.

When the housing mortgage firms posted their biggest business results by lending large amounts to realtors, 10 ex-bureaucrats were serving in the top echelons of six of the seven companies.

In two of the corporations, the two top executive posts of chairman and president were both in the hands of former bureaucrats. The two latest such nominations to housing loan companies were the retiring head of the ministry's Mint Bureau and the deputy commissioner of the National Tax Administration Agency.

However, when the housing loan firms ran into increasing financial difficulties as real estate prices dwindled after the burst of the economic bubble, the ministry stopped sending retiring bureaucrats to those companies, while many of those in power retired.

When the extent of the financial mess finally came to light, just two ex-bureaucrats were still in a chairman or president position.

Editorial Calls for Restructuring of MOF

OW0801114796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Dec 95 Morning Edition p 2

[Editorial: "Take Vice Minister's Resignation as the First Step Toward Restructuring the Finance Ministry"]

[FBIS Translated Text] Kyosuke Shinozawa, administrative vice minister of the Ministry of Finance [MOF], will resign. Shinozawa has decided to resign probably because of his intention to take the responsibility as a top MOF official for the intensifying criticism against the ministry concerning a series of incidents, such as scandals involving senior Budget Bureau officials, the settlement of home mortgage companies (jusen) issue, and the Daiwa Bank incident. However, his resignation does not indicate that various problems will be settled. On the contrary, it may show that serious problems concerning the MOF's structure will start to explode.

The fact that scandals had taken place in the Budget Bureau, which is regarded as the MOF's mainstay and which has authority over budget distribution, reveals that the MOF, which is known as the world's most powerful government agency, is now faced with the problem that power concentration is a serious contradiction in its structure.

We cannot but take low-level scandals involving former Budget Bureau deputy chief Yoshio Nakajima and former Bureau Coordination Division chief Hiroaki Taya as a result of their arrogance, which in turn has been brought about by the MOF structure of concentration of authority. It is a problem that concerns not the individuals but the structure. And it is not a problem that can be settled by resignations or by enforcement of official discipline.

In connection with the settlement of the jusen issue, the MOF is being called to account for several responsibilities. For example, it has been asked to take responsibility for creating the jusen system, which apparently cannot last long; for failing to take measures to deal with the bad loan issue despite the bulging bad loans, thereby failing to fulfill its supervisory responsibility; and for attempting to settle the current issue through behind- closed-doors administration and without clarifying responsibility, thereby failing to fulfill its administrative responsibility. Now, the people's dissatisfaction has intensified because, eventually, they will be asked to pay a dear price by bearing a heavy burden in taxes.

In connection with the Daiwa Bank incident, criticism both from abroad and at home have also concentrated on the MOF's behind-closed-doors administration. Senior Banking Bureau officials, including Bureau Director Yoshimasa Nishimura, have postponed their report to the U.S. monetary authorities for six weeks, which indicates how far their monetary knowledge is from international regulations.

The fact that the Japanese economic policy has failed to function at the turning point of the Japanese economy proves that the policy management under the MOF's leadership has reached a deadlock. The MOF has hitherto advocated the theory of maintaining financial balance. However, nearly all policy decisions made under the MOF leadership has proved to be failures as indicated by the bursting of the bubble economy and the development that lead to its collapse. And as an adverse effect of the delay in taking economic pump- priming measures, the fiscal deficit has increased.

At the news conference held to announce Vice Minister Shinozawa's resignation, Finance Minister Takemura said: "While taking all the circumstances concerning the ministry into consideration, it has become necessary to clarify the ministry's responsibility as a whole." However, it is not correct to think that the responsibility issue has thus been settled. Particularly with regard to the jusen issue, it is necessary to further clarify responsibilities involving not only current but former MOF officials. The vice minister's resignation should not be taken to indicate that the issue has been settled once and for all. On the contrary, it should be taken as the first step toward restructuring the MOF.

The urgent task probably lies in speeding up the restructuring of the monetary administration. However, if the measures for improving the monetary administration should aim at defending the organization or lead to expansion of the MOF's authority, it would be tantamount to putting the horse before the cart. Now is the time for the Banking Bureau to completely abolish its practice of issuing administrative guidance and to concentrate its functions on inspection and supervision while independent of MOF control. As long as the government continues to carry on its "convoy fleet administration" [gososen-dan gyosei; practice of bureaucratic protection of major companies], the settlement of the bad loan issue, including the jusen problem, will continue to be slow and inefficient. At the same time, we are now in the stage of turning the Securities and Exchange Surveillance Commission into an agency completely independent of the MOF.

MOF officials have repeatedly made abortive efforts because of their obstinate adherence to past practices and refusal to cope with the changes in this global era. Even if officials have changed, the MOF will probably run up against more serious contradictions as long as it sticks to old-fashioned administrative practices and refuses to launch its own restructuring.

Keidanren Delays Adopting Policy on NTT Breakup

OW0801104296 Tokyo KYODO in English 1013 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Japan's most powerful business organization said Monday [8 Janaury] it has postponed adopting any policy on the long-standing issue of the breakup of Nippon Telegraph and Telephone Corp. (NTT).

A report by the Federation of Economic Organizations (Keidanren) called for a wholesale review of the government's telecommunications policy, including deregulation, to help strengthen competition in the nation's information and telecommunications industry.

No decision was made on the issue over the NTT breakup because supporters and opponents are almost evenly divided, said Sho Nasu, chairman of Tokyo Electric Power Co. and head of the federation's committee on information and telecommunications policy.

The issue involving NTT's breakup into long-distance and regional telecom service entities has been pending since the late 1980s.

The report said the strengthening of the telecommunication industry's competitive power is important for the development of all the nation's industries.

The report called on the government to lay down a timetable for deregulation and regularly report progress in decontrol measures.

Sources close to the federation said companies closely linked to NTT, including top computer maker Fujitsu Ltd., stubbornly opposed any breakup, while newcomers in the domestic telecommunications market pressed for the division of the former government-controlled monopoly.

Hino Vows Not To Postpone Decision on NTT Split

OW1601043296 Tokyo KYODO in English 0405 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Posts and Telecommunications Minister Ichiro Hino on Tuesday [16 January] vowed not to postpone beyond March a final government proposal on whether to break up Nippon Telegraph and Telephone Corp. (NTT).

Ichiro Hino told a news conference that he will "make efforts to come up with a conclusion by March," when the ministry plans to hand down a decision on the matter.

His comments came at a time when the ministry and common carriers are seeking the breakup of NTT, on the grounds that the presence in the market of NTT's huge telecommunications network is hindering competition, thus forcing its customers to pay higher fees.

Opponents of the proposal say that the splitting of NTT might inconvenience users and cause Japan's telecommunications industry to lose international competitiveness by forcing the breakup of NTT's research and development capabilities and resources.

Trade Ministry Considering Revising IPR Law

OW0401161196 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Dec 95 Morning Edition p 5

[FBIS Translated Text] In preparation for the highly computerized society, the Ministry of International Trade and Industry [MITI] has worked out a research report on the future direction of legal protection for intellectual property rights [IPR's]. The report notes "the coverage and provisions of the Copyright Law should be reviewed" because "the existing legal system is too insufficient to catch up with the rapid development of computer-related technology."

The report says duplication of computer software should be limited for personal use of the purchaser, stressing " liberal distribution of duplicated software may damage economic interests for the producer."

The report predicts "protection of IPR's of database systems will become important." The report insists "legal control" is particularly needed for reproduction of database information.

The report was compiled by the "Committee on IPR Issues in the Digital Age" (chaired by Tokyo University Professor Nobuhiro Nakayama). The MITI Machinery and Information Industries Bureau commented "we would like to speed up preparation of legislation based on the report."

Farm Minister, Keidanren Differ in Policies

OW1601070296 Tokyo KYODO in English 0531 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Farm Minister Ichizo Ohara stressed the importance of avoiding further "hollowing out" of the Japanese agricultural sector, when he was urged by business leaders Tuesday [16 January] to introduce market forces in farming, ministry officials said.

The officials said the difference of views emerged at a breakfast meeting of Ohara and top officials of the Federation of Economic Organizations (Keidanren), including Keidanren Chairman Shoichiro Toyoda.

It was Ohara's first meeting with Keidanren officials since he took the post of agriculture, forestry and fisheries minister last Thursday with the inauguration of Prime Minister Ryutaro Hashimoto's cabinet.

During the meeting, Toyoda urged Ohara to create an agricultural business which will move on the market mechanism, but Ohara said the weakening Japanese agricultural sector is resulting in declines in Japan's self-sufficiency ratio in foodstuffs.

On the issue of disposing of the bad loans of seven virtually bankrupt housing loan companies, the Keidanren leaders showed some understanding on the government's plan to use taxpayer money to resolve the problem, the officials said.

But the business leaders also criticized the behavior of agricultural institutions, the largest creditors of the mortgage firms, as having been counterproductive in the negotiations on the issue, the ministry officials said.

KYODO Reports New Cabinet Lineup

OW1101094896 Tokyo KYODO in English 0932 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Following is the roster of a cabinet formed Thursday by newly elected prime minister Ryutaro Hashimoto:

(Position)	(Name)	(Age)	(Party)
Prime Minister	Ryutaro Hashimoto	58	LDP
Deputy Prime Minister and Finance Minister	Wataru Kubo	66	SDP
Foreign Minister	Yukihiko Ikeda	58	LDP
International Trade and Industry Minister	Shumpei Tsukahara	48	LDP
Justice Minister	Ritsuko Nagao	62	non-mp
Construction Minister	Eiichi Nakao	65	LDP
Transport Minister	Yoshiyuki Kamei	59	LDP
Posts and Telecommunications Minister	Ichiro Hino	61	SDP
Labor Minister	Takanobu Nagai	65	SDP
Education Minister	Mikio Okuda	67	LDP
Agriculture, Forestry and Fisheries Minister	Ichizo Ohara	71	LDP
Health and Welfare Minister	Naoto Kan	49	Sakigake
Home Affairs Minister	Hiroyuki Kurata	57	LDP
State Minister	Sukio Iwatare	66	SDP (Environment Agency)
State Minister	Seiroku Kajiyama	69	LDP (Chief Cabinet Secretary)
State Minister	Sekisuke Nakanishi	69	SDP (Director General, Management and Coordination Agency)
State Minister	Hideo Usui	57	LDP (Director General, Defense Agency)
State Minister	Hidenao Nakagawa	51	LDP (Director General, Science and Technology Agency)
State Minister	Shusei Tanaka	55	Sakigake (Director General, Economic Planning Agency)
State Minister	Saburo Okabe	69	LDP (Director General, Hokkaido and Okinawa Development Agencies)
State Minister	Kazumi Suzuki	66	SDP (Director General, National Land Agency)

Note: LDP stands for the Liberal Democratic Party, SDP for the Social Democratic Party and Sakigake for New Party Sakigake [Harbinger]. Ritsuko Nagao, justice minister, is not a member of the Diet.

Survey Shows Growing Public Interest in Politics

OW1601010896 Tokyo MAINICHI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 1

[FBIS Translated Text] Three out of five people are keeping an eye on the 1996 political situation characterized as the "Ichiro-Ryutaro confrontation" between the ruling and opposition parties. This was revealed in a MAINICHI SHIMBUN emergency nationwide telephone survey conducted on 12 January, right after the inauguration of the Hashimoto administration. The result appears to indicate the people's hope that a political battle between the top leaders — Prime Minister Ryutaro Hashimoto and New Frontier Party President Ichiro Ozawa — could become one factor to vitalize nation's politics.

When asked about their view on President Ozawa, the respondents' reactions were almost evenly divided: While 44 percent said they "have expectations" for Ozawa, 51 percent showed "no expectations." The top reason for pinning their hopes on Ozawa was his "leadership."

The number of respondents who said they have "great" or "some" interest in the new structure of political confrontation amounted to 60 percent. In this survey, public interest was stronger among older generations. For example, 63 percent of respondents in their 40's and 67 percent of the respondents who are over age 70 said they keep an eye on future political scenes. But "twentysomethings" are rather indifferent, as half of them said they have "not much interest" or "no interest at all."

A couple of reasons could be cited for the growing public interest in politics: 1) The two men, who have been regarded as rivals since they belonged to the former Tanaka and Takeshita factions of the Liberal Democratic Party, now face each other as leaders of ruling and opposition parties; and 2) their clear differences — political style, economic and financial policies, and approach toward diplomatic and security issues — will make it easier for the public to see what will become the point at issue in their upcoming political battle.

Another result which should be noted is that younger generations hold high "expectations" for Ozawa. One out of two respondents in their 20's said they "have expectations" for him. The number of those who said they have "no expectations" increased in older age groups.

The reasons for placing expectations on Ozawa are (based on respondents' multiple answers): 1) He has leadership (61 percent); he is a reformist (35 percent); his policies are acceptable (22 percent).

Public Support for LDP Jumps 'Dramatically'

OW1601113896 Tokyo ASAHI SHIMBUN in Japanese 16 Jan 96 Morning Edition p 2

[FBIS Translated Text] Support for the Liberal Democratic Party [LDP] dramatically increased to 36 percent in the latest nationwide poll conducted by ASAHI SHIMBUN. The level of support stood at 29 percent in the last poll conducted in July. The rise in support can be attributed to the public's great expectations for the LDP-led administration of Prime Minister Ryutaro Hashimoto.

Meanwhile, support for the New Frontier Party [Shinshinto] dropped to 9 percent from 17 percent in the July survey. Support for the Social Democratic Party of Japan fell from nine to seven percent during the same time period. New Party Sakigake [Harbinger] and the Japan Communist Party received one and three percent support levels, respectively.

Kubo Interviewed on New Party, Base Issue

OW0501142996

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0022 GMT on 2 January, during its special program entitled, "New Year Interviews With Political Party Leaders," carries a recorded, 21-minute studio interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ], by NHK commentator Masaru Nakajima and announcer Atsuko Yamada.

Nakajima first touches on the SDPJ's plan to establish a new party, or a third political force that can contest the Liberal Democratic Party and the opposition New Frontier Party. He asks Kubo why a new party is needed. Kubo notes that for a long time there have been calls for the formation of a new party that can meet public expectations and play a major role in the ruling coalition. He adds: "In other words, we have considered forming a new party in the quest for qualitative and quantitative improvements of the SDPJ." Kubo stresses that the SDPJ has currently been performing it's most important duty in the past 50 years, which he says is to form a new party that can meet the needs of the new era, by gathering various political forces. He notes: "The most important task for the SDPJ is to fulfill this duty." Pointing out that the results of last year's House of Councillors election, in which the SDPJ suffered a crushing defeat, indicate strong public dissatisfaction with and distrust of the existing political parties, Kubo says: "We have to dispel such dissatisfaction and distrust by forming a new party. This is an important task."

Nakajima says it appears that the SDPJ has failed to promote moves to form a new party because there are many within the SDPJ who think such moves would undermine the foundation of the Murayama government. After hearing what Nakajima has to say, Kubo stresses the importance of maintaining the coalition government. He notes that the SDPJ should become a stronger and larger party for Japanese politics, while it also needs to compromise with other coalition partners on some policies to maintain the framework of the current coalition government.

Asked what the SDPJ will discuss at a 19 January party convention, Kubo says: "At the meeting, we intend to revise party ideals, platforms, regulations, and change the party's name based on the ideals, platforms, and regulations which the new party preparatory committee worked out together with people outside the SDPJ." He notes that the convention will pave the way for the SDPJ to dissolve itself into a new party.

Next, Kubo is asked how the SDPJ evaluates the Murayama coalition government. While noting that the Murayama government should be rated highly because of it's many achievements since it's inauguration 18 months ago, Kubo lists the government's urgent tasks, such as enhancing its crisis management ability and settling Okinawa's base-related issues.

Concerning Okinawa's demand that the U.S. military presence in the prefecture be reduced, Kubo says: "We have to squarely deal with the matter, while considering that it not an issue between Okinawa and the United States but a problem between Japan and the United States and between the Japanese Government and Okinawa," and "this year, we intend to do our utmost to solve this issue in cooperation with the government." Asked whether or not there is strong opposition within the SDPJ to Prime Minister Tomiichi Murayama, who is also the chairman of the SDPJ, signing documents needed to force unwilling landowners to continue to lease their land to U.S. forces, Kubo says: "Yes, there is. I myself question why the prime minister should sign the documents in place of the Okinawa governor. However, considering the importance of Japan-U.S. relations and future negotiations between the two nations on concrete measures to promote the reduction of U.S. military bases in the prefecture, I think it was inevitable for the government to make a harsh decision to take steps for proxy signing."

Asked when he thinks the House of Representatives will be dissolved for a general election, Kubo says it will take place this year and indicates his intention to prepare for the general election. Also asked whether the SDPJ will contest the general election with a new name or as a new party, Kubo says: "At the party convention held last September, we decided that the SDPJ should contest and win in a general election as a new party. At present, we have to make the utmost efforts to attain this goal."

Ozawa Interviewed on Political Situation, Okinawa

OW0501142096

[FBIS Translated Editorial Report] Tokyo NHK General Television Network in Japanese at 2340 GMT on 2 January in its "New Year Interview With Party Leaders" program carries a 40-minute interview with Ichiro Ozawa, newly elected president of the New Frontier Party.

The interview is conducted by NHK chief commentator Masaru Nakajima and NHK announcer Atsuko Yamada. Nakajima begins the interview by asking Ozawa what he would like to do this year. Ozawa says: "I am of the view that domestic issues, mainly the Japanese economy, and international issues, including Japan-U.S relations, are getting worse. Therefore, we have to pursue politics that take leadership and overcome this difficult situation as soon as possible." Asked by Yamada if he will appear in television programs more often as a head of the party, Ozawa says that he will do so to make his policies and ideas known to the people.

On the New Frontier Party presidential election held last year, Ozawa says it was a success because people from wide-ranging areas showed interest and also because he was able to explain his policies to the people.

Asked if the election created discord among the party members, Ozawa says: "I do not think so. Election is the foundation of democracy" On the role of a party panel composed of three former prime ministers, Ozawa says it is a party advisory organ.

Asked by Nakajima how he assesses the Murayama administration, Ozawa says: "To the people or the nation, I think the administration has achieved nothing that deserves a positive assessment." He adds that the coalition government failed to promote administration reform and that it attaches importance to the maintenance of the coalition.

Ozawa says he will call, during the forthcoming ordinary Diet session, for a general election because it is unnatural and wrong to have a coalition government formed by parties, which have different policies.

On the dissolution of special housing loan corporations [jusen], Ozawa points out that the government made a decision to spend taxpayers' money without clarifying the responsibility of jusen. He says there is no guarantee that the government's liquidation measures will have a stabilizing effect on troubled Japanese financial circles.

On criticism against his pet scheme of promoting tax system reform by increasing the consumption tax and reducing income tax, Ozawa says the ruling coalition leaders are merely taking an opposite stand without any concrete plans or visions for stimulating the economy. Asked if the campaign pledges he made during the presidential election will become party policies, Ozawa says that discussions within the party are needed because they are his private opinions and have not been approved yet by the party.

On the issue of U.S. military bases on Okinawa, Ozawa says: "We should not impose a heavy burden only on the people of Okinawa. We should move some bases, if possible, to other parts of Japan. The Okinawan people are not calling for the complete removal of the bases."

He says that the problem is the fact that the government has not taken up the Okinawan base issue at negotiations with the United States. He adds: "We should demand what we need to demand from the United States."

Asked how the Japan-U.S. security arrangement will change in the 21st Century, Ozawa says: "The Japan-U.S. alliance will become more important than it was during the Cold War era." He says both countries need to keep the alliance not only for security or military matters but also for building fiduciary relations between the two countries.

On dissolution of the lower house, Ozawa says it should be resolved as soon as possible. He says economic issue and administrative reform will be a major issue at the next general election. He also says Japan will be isolated in the international community unless it clarifies its policies.

On reorganization of political world, Ozawa says: "Fundamentally, there will be two power groups; one supports the Liberal Democratic Party and another supports out party." "It is possible that there will be political reorganization."

Ozawa Faces Difficulty in Promoting Party Unity

OW0701063796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jan 96 Morning Edition p 2

[FBIS Translated Text] The New Frontier Party [NFP], led by President Ichiro Ozawa, plans to put its 1996 activities in full swing following its New Year party, and the first meeting of the "tomorrow cabinet" for this year is scheduled for 8 January. The NFP wants to stress the "renewed NFP" by driving the government and the ruling parties into a corner over the issue of housing loan companies (jusen) and other problems at the ordinary Diet sessions set to begin 22 January. It also wants to speed up its preparation for the next general election. However, since discord with the group supporting Tsutomu Hata has grown, the party will face difficulties in promoting reconciliation within the party.

In connection with the personnel coordination and formation of the new executive body at the end of 1995, Ozawa emphasized that he made decisions from a standpoint of promoting party unity, saying: "This is the decision we made while listening to voices within the party." He expressed his confidence in promoting reconciliation of the party in the future, saying: "No discord will remain."

However, many members of the Hata group are doubtful of Ozawa's intention to promote unity within the party, saying: "The party's key posts concerning election policy, financial affairs, and Diet management are filled with members of the Ozawa faction. The power is concentrated in Ozawa's hands."

The Hata group plans to officially set up a policy study group before the ordinary Diet session. It plans to hold the second round of preparatory meetings to decide on its goals, official name, and how to operate.

Hata and former Prime Minister Morihiro Hosokawa, who were appointed members of the newly formed supreme advisory council, and Hajime Funada, who was appointed acting chairman of the Political Activities Council (a post in the executive body), intend to carefully watch how the Ozawa faction operates the party. To deal with the Ozawa faction, Hata's group also aims at maintaining a certain force based on the policy study group to oppose the Ozawa faction. It seems that the Hata group has no intention of changing its attitude toward intensifying confrontations with the Ozawa side.

The Hata group faces tough conditions. It is uncertain whether Funada and Kazuo Aichi, who was appointed chairman of the Policy Research Council, will be able to exert their power in the executive body. Concerning the supreme advisory council, members of the Ozawa faction view that "it will have no power to speak out unless the president asks for advice." On the policy study group, NFP members from the former Komeito and former Democratic Socialist Party are already trying to keep a certain distance with the Hata group. It seems that the group faces some difficulty in gaining a clear picture of how many Diet members will stay in the group.

'Source': Members To Form Anti-Ozawa Group

OW1301113696 Tokyo KYODO in English 0859 GMT 13 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 13 KYODO — More than 50 Diet members of the main opposition Shinshinto (New Frontier Party [NFP]) critical of party chief Ichiro Ozawa are preparing to set up an intraparty group that political analysts say could trigger a fresh round of moves to reshape Japan's political landscape, group members said Saturday [13 January].

The dissidents include many of the more than 80 members who supported former Prime Minister Tsutomu Hata in the party's presidential election in December, won overwhelmingly by Ozawa, the members said.

Several other members, including Yukio Hatoyama and Satsuki Eda, are to join the new pro-Hata group, expected to be formed around Jan. 22 when a regular Diet session is to be convened, they said.

"More than 50 will join us," a senior member said. Shinshinto has 238 members of parliament.

The Hata group "will be a policy study group but we'd also like to play the role of machinery keeping watch on the Ozawa leadership," the official said.

Some of Hata's followers were initially cautious toward forming a new group because it would be taken as a fractious move and could undermine party unity.

But the move was given an unexpected boost when Hata and his supporters vehemently opposed and eventually silenced Ozawa's call for the opposition party to resign en masse from the Diet to force the ruling coalition to call a snap general election.

Ozawa's strategy backfired, allowing Hata's followers to strengthen their solidarity against the party leader, senior members said.

The Hata group is opposed to some of Ozawa's other proposals, including a plan to raise the consumption tax to 10 percent from the current 3 percent as part of a policy package combining income tax cuts, they said.

"We'll be an opposition party within the opposition camp," said former Prime Minister Morihiro Hosokawa, who will join the group.

Kato Denies Possible Coalition With NFP

OW1501115996 Tokyo KYODO in English
1142 GMT 15 Jan 96

[FBIS Transcribed Text] Tamano, Japan, Jan. 15 KYODO — A senior official of the ruling coalition partner Liberal Democratic Party (LDP) on Monday [15 January] denied the possibility of forming a coalition with the major opposition Shinshinto (New Frontier Party [NFP]).

Koichi Kato, secretary general of the conservative LDP, said in a lecture in Tamano, Okayama Prefecture, western Japan, that under the single-seat constituency electoral system for the House of Representatives it is improbable for two conservative parties to form a coalition.

The LDP will make utmost efforts to obtain a majority in the lower house in the next general election, which is due to be held by July 1997, he said.

Kato said his party will maintain the coalition with its current partners — the Social Democratic Party and New Party Sakigake — even if the LDP can secure a majority in the next general election.

Shinshinto was formed in December 1994 in a merger of nine opposition forces except for the Japanese Communist Party.

NFP's Ozawa Calls for Lower House Dissolution

OW0701084696 Tokyo KYODO in English
0820 GMT 7 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 7 KYODO — Opposition leader Ichiro Ozawa issued a call Sunday [7 January] to dissolve the House of Representatives and hold general elections in February or March before the budget for fiscal 1996 clears the parliament.

Ozawa, who heads the largest opposition party, Shinshinto (New Frontier Party: [NFP]), suggested that elections could be held in February and a budget passed in March, or the budget finalized in February with elections held in March, without hindering implementation of the new budget in April.

In a speech and at a news conference in Osaka, Ozawa said the lower house of the Diet could be dissolved Thursday, when lawmakers are scheduled to meet for an extraordinary session, and elections held in February.

Ruling coalition members, however, have suggested that Thursday's session will approve Liberal Democratic Party leader Ryutaro Hashimoto as new prime minister following the resignation of Tomiichi Murayama announced Friday.

Coalition lawmakers have also said they have no plans to call for general elections.

Ozawa said Sunday, "The opposition parties must not intentionally prolong the Diet debate and delay the passing of the budget. We will cooperate for the implementation of a good budget April 1."

Meanwhile, Shinshinto Secretary General Takashi Yonezawa said, "Dissolution and general elections which debate the policies of the coalition and a budget for next fiscal year are the top priority."

"If we dissolve in January, we will have 40 days of political vacuum, but the problem is the current administration's passing the reins of power around among themselves," Yonezawa said on a Japan Broadcasting Corp. (NHK) program.

Asked about submitting a no-confidence motion, Yonezawa said, "If it fails, that's all we can do. We think that beyond that general elections are the only solution."

Kazuo Shii, head of the Japanese Communist Party's secretariat, said on the same NHK program, "There is no reason to wait for the passing of a budget. The Diet should be dissolved from the very beginning and we should ask for the opinion of the people."

Reiterates Call for Election

OW1801051496 Tokyo KYODO in English 0424 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Ichiro Ozawa, president of the main opposition Shinshinto (New Frontier Party) [NFP], voiced his strong determination Thursday [18 January] to press the government to dissolve the Diet's House of Representatives for a snap general election.

"I will ask for public opinion through a dissolution of the House of Representatives and a general election in line with the usual way of constitutional politics to wipe out public distrust of politics," Ozawa said in a speech at a party convention.

The convention, the party's second since it was formed in a December 1994 merger of nine opposition groups, is timed at Monday's start of the 150-day ordinary session of the Diet.

Ozawa blasted a government plan to use 685 billion yen in taxpayers' money to wind up crippled mortgage companies, saying it reflects a lack of political responsibility and capability of former Prime Minister Tomiichi Murayama. Murayama's cabinet in December drew up the fiscal 1996 budget, which includes the plan.

Ozawa called for making it clear how the financial crisis at the mortgage companies has been developed and who is responsible for it before mapping out ways to resolve the problem.

As for a move by the Liberal Democratic Party (LDP) to write a law prohibiting religious groups from engaging in political activities, Ozawa said, "it should not be allowed by any means."

The LDP move is widely viewed as targeted at Soka Gakkai, a huge lay Buddhist group that supports Shinshinto.

In reference to his proposal to halve income and residential taxes in exchange for raising the consumption tax rate to 10 percent 10 years later from the current 3 percent, Ozawa said he hopes the proposal will have a party consensus so that it can be adopted as a party policy.

Kubo Vows To Improve Employment Situation

OW1601045596 Tokyo KYODO in English 0353 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Finance Minister Wataru Kubo vowed Tuesday [16 January] to improve the employment situation and to support small and medium-sized companies to help put the Japanese economy on a firm path for recovery.

"To ensure a recovery in Japan's economy, which is increasingly showing bright spots, it is necessary to tackle the employment issue," Kubo said at a press conference after a cabinet meeting.

Kubo pointed out that a worsening employment situation is causing a drag on personal consumption, and said, "The government should consider economic measures which will lead to job creation."

The government's Economic Planning Agency said the Japanese economy is slowly picking up after a recent standstill, but the unemployment rate is now at a record high of 3.4 percent.

Kubo said government policy should give priority to supporting small and medium-sized companies, because their workers account for the bulk of the nation's employment.

"It is necessary to facilitate loans to small and medium-sized companies to help their growth without imposing on them the burden of high interest rates," he said.

Kubo mentioned exports and inventories as uncertain factors in the future of the economy. "The growth in exports is fairly weak. There is progress in inventory adjustment by companies, but the inventory level is still high," he said.

New National Land Agency Chief Profiled

OW1101135096 Tokyo KYODO in English 1116 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Japan's new National Land Agency Director General Kazumi Suzuki supported the administration of former Prime Minister Tomiichi Murayama as chairman of the Diet affairs committee of Murayama's Social Democratic Party.

In that capacity, Suzuki made a name for himself for handling the task of heading off clashes between the ruling and opposition parties over the bill to revise the law pertaining to religious organizations.

After graduating from a vocational school, Suzuki worked in the Monopoly Bureau of the Japan Tobacco and Salt Public Corp., the predecessor of Japan Tobacco Inc. (JT), but became convinced his talents were not appreciated there and joined the union movement.

His unyielding nature led him to leadership position in the labor movement and eventually a seat in the House of Councillors to which he has been elected three times.

He comes from Fukushima prefecture in northern Japan.

Suzuki is described by colleagues as considerate and warm-natured. He is the fourth son in a family of 10 children.

Murayama, Takemura Agree To Form New Party

OW1701104896 Tokyo YOMIURI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 1

[FBIS Translated Text] Former Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party of Japan [SDPJ], and former Finance Minister Masayoshi Takemura, leader of Sakigake [Harbinger], reached a basic agreement on 14 January with regard to forming a new party, which will incorporate the two parties and local parties under them, after the passage of the FY96 budget in May. This was revealed by a number of senior officials of both parties.

With the birth of the Hashimoto administration, it is expected that the dissolution of the Diet and the holding of a general election may come earlier than previously expected. The two leaders seem to have made the decision because the very existence of their parties may be threatened amid the confrontation between the Liberal Democratic Party [LDP] and the New Frontier Party [NFP].

The two parties are expected to discuss how to strengthen cooperation, including cooperation in election campaigns, at the "LDP-Sakigake Consultative Committee," which they decided to set up on 7 January, after which they will create a "new party preparatory committee" to decide on the new party's chairman, ideology, policies, and party name. However, there are still some Sakigake members who are reluctant to form a new party with the SDPJ. Thus, the greatest issue now is internal coordination in Sakigake.

Murayama and Takemura held a meeting at Izu-Nagaoka, Shizuoka Prefecture on 29 December, and have since exchanged views on the political situation several times since Murayama resigned as prime minister.

Through their meetings, the two men agreed that: 1) with Hashimoto becoming the prime minister, and with Ichiro Ozawa's assumption of the NFP presidency, if something is not done about the situation, [SDPJ and Sakigake] will be crushed by the LDP and the NFP in the next lower house election; 2) Diet dissolution and a general election will most probably take place during the period after the budget is passed, and not later than next autumn; and 3) three months is needed to publicize the name of the new party among the people and to prepare for the election. They agreed to speed up the process to form a new party by around the "golden week" holidays in May.

With this in mind, Murayama and Takemura confirmed that they would resume party duties after the inauguration of the Hashimoto administration, and exert utmost efforts to form the new party.

Murayama has already told former Chief Cabinet Secretary Koken Nosaka that he would like "the new party to take form by April or May."

Two basic ideas considered in forming the new party are: 1) the new party will uphold the slogans of "freedom and democracy," "the pacifist ideology of the constitution," and "concern for the weak"; and 2) the new party will not simply be a merger of the two parties, but will seek the participation of local parties to widen its scope.

With regard to the final procedures, conditions conducive to forming the new party will be created through the "SDPJ-Sakigake Consultative Committee" and through the "Forum on Japan's Future" (presided by Takemura), which held its inaugural meeting on 10 January with the participation of former Hokkaido Governor Takahiro Yokomichi and representatives of local parties, after which a "new party preparatory committee" will be organized immediately after the passage of the budget.

The "preparatory committee" will discuss the new party's chairman, name, basic ideology and policies, organizational setup and other issues.

As for internal coordination in Sakigake, Takemura plans to launch a full-fledged debate in the party after the SDPJ party convention on 19 January. Takemura has already told Murayama that there might end up being some defectors.

Political Prospects Under Hashimoto Viewed

OW1101070796 Tokyo SANKEI SHIMBUN in Japanese 8 Jan 96 Evening Edition p 2

[Interview with Taro Yayama, political commentator, by unidentified SANKEI SHIMBUN reporter; date and place not given]

[FBIS Translated Text] [SANKEI SHIMBUN] The New Frontier Party [NFP] is asking for an early dissolution of the Diet.

[Yayama] Since the new electoral system has been in place for one year, a general election should be held first. Mr. Hashimoto is certain to face a concerted attack in the regular Diet session concerning his responsibility in the jusen [housing loan companies] affair when he was finance minister. The Diet dissolution, to be followed by a general election, which we had expected to take place around June, will probably be advanced to April, after the passage of the budget.

[SANKEI SHIMBUN] What will happen if a general election is held?

[Yayama] There is a possibility that the NFP may win a majority. In contrast to the Liberal Democratic Party [LDP], which has too many support groups, and which, as a consequence, cannot advocate radical reforms, the NFP's position is strong because it can clamor confidently that unless Japan reforms now, it will collapse. The Social Democratic Party of Japan may win around 30 seats in the proportional representation districts, but will probably suffer a total defeat in the electoral districts.

[SANKEI SHIMBUN] What will become of Japanese politics in the future?

[Yayama] Under the single-seat constituency system, the inevitable trend is the creation of a system with two major parties. With new NFP President Ichiro Ozawa proposing an increase in the consumption tax rate and the reorganization of government ministries and agencies, signs of a policy debate are already emerging. Genuine party politics, which has never been practiced under the medium-sized constituency system, may become possible.

Editorials Urge Hashimoto To Call Early Election

OW1201015796 Tokyo KYODO in English 0123 GMT 12 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — Leading Japanese newspapers chorused in their editorials Friday [12 January] that the most important job for the newly formed government led by Prime Minister Ryutaro Hashimoto is to dissolve the House of Representatives for a snap general election.

Hashimoto, 58, president of the Liberal Democratic Party (LDP), became premier Thursday as successor to Tomiichi Murayama, who served as the first socialist premier in nearly 50 years.

Newspapers criticized the transition of power as a passing around of the premiership without ascertaining public opinion.

The MAINICHI SHIMBUN said all of the three coalition governments in the recent past have tossed the premiership around among their members and that such a move is unacceptable.

The NIHON KEIZAI SHIMBUN, an economic journal, described the transfer of power from Murayama to Hashimoto as "extremely grotesque" because it is very unusual for a government to terminate itself after mapping out the national budget but without submitting related bills to the Diet to enact it.

The YOMIURI SHIMBUN said Hashimoto should recognize that an early dissolution of the lower house to hold a general election is the only way for his government to become powerful.

"Only a government formed through an election has legitimacy and strength," the YOMIURI said.

the ASAHI SHIMBUN said it welcomes the fact that Murayama and Masayoshi Takemura, leader of New Party Sakigake, the smallest coalition partner, have finally started to work together to create a new party, possibly by combining murayama's Social Democratic Party (SDP) and Sakigake.

"Without the emergence of a third political power, voters will have only a narrow range of choice, making the election less meaningful," the ASAHI said.

The daily also showed concern over the possible absorption of the SDP and Sakigake into the LDP. "Some LDP members have said the three ruling parties should set up a new party together," it noted.

If such a party is formed, Japan's political scene — excluding the Japanese Communist Party — will be a simple combination of two parties, both led by former members of the LDP's faction founded by former Prime Minister Noboru Takeshita and with no difference in political ideals or policies, the ASAHI said.

It noted that all key political figures are from the Takeshita faction, including Ichiro Ozawa, leader of the major opposition party Shinshinto (New Frontier Party), senior Shinshinto member Tsutomu Hata, Hashimoto and Chief Cabinet Secretary Seiroku Kajiyama.

North Korea

U.S. Warned on 'Dangerous' Bombing Exercises

SK1801050296 Pyongyang KCNA in English 0450 GMT 18 Jan 96

["Dangerous Military Move of the United States" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — Latest- type strategic bombers "B-1" and "B-52" of the U.S. Air Force will reportedly launch bombing exercises in the sky above South Korea twice on February 13 and 15.

We cannot remain indifferent to the bombing exercises which show that the U.S. nuclear blackmail and threat to our Republic have reached a reckless stage.

What is serious is the fact that the United States is getting overheated with nuclear fever at a time when the DPRK-U.S. agreed framework has entered a stage of implementation.

The bombing exercises planned by the United States which promised not to use nuclear weapons against the DPRK is a wanton violation of the DPRK-U.S. agreed framework.

Entering the this year, the United States has resorted to the nuclear threat and military confrontation racket against the DPRK, bringing the situation on the Korean peninsula to an extreme pitch of strain.

It is as clear as noonday that such moves of the United States will further aggravate the military confrontation between the DPRK and the U.S. and drive the situation to an unpredictably serious phase.

We cannot but keep tabs on the very unreasonable acts of the United States which is hell bent on military confrontation and nuclear threats in wanton violation of the DPRK-U.S. agreed framework. It will take the responsibility for the irrevocable consequences to be entailed by its nuclear threats.

The planned bombing exercises of the United States are strenuously egging the South Korean puppets, buoyed by warfever for northward invasion, on to the military provocation against the DPRK.

But the United States is making a serious miscalculation.

It is the revolutionary character of the Korean people and People's Army to mete out a merciless punishment to the provokers.

The United States must clearly know that its reckless nuclear frenzy will result in pricking its eyes with its own hand and ponder over things.

The South Korean puppets would be well advised to act with discretion.

Preparing for 'Preemptive Strike'

SK1801102396 Pyongyang KCNA in English 1007 GMT 18 Jan 96

["What Are Nuclear Bombing Exercises Aimed At?" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The U.S. Air Force announced a plan to conduct bombing exercises by B-1 and B-52 strategic nuclear-capable bombers off the east coast of South Korea in mid-February.

As the plan was announced at a time when an agreement on the provision of light water reactors was reached under the DPRK-U.S. framework agreement, and its technical work is now under way, it invites our special precautions, says NODONG SINMUN today.

With a view to stifling our Republic by force of arms the U.S. warmaniacs attach a particular importance to the air force, the analyst says, and goes on:

The exercises of B-52 and B-1 bombers are part of the military adventure aimed at rounding off nuclear war preparations for a preemptive strike at our Republic. Other countries are also within the sphere of attack in view of the capacity of both planes. This proves that the U.S. regards South Korea as a strategic base for forestalling strike at the DPRK as well as other neighboring countries.

The U.S. military announcement of the plan for bombing exercises regarding the recent "security situation" on the Korean peninsula is no more than a pretext to justify the nuclear war gamble.

If the U.S. continues challenging our sincerity and magnanimity for peace with military provocations, it will result in further aggravating the DPRK-U.S. relations and driving the situation of the Korean peninsula into a dangerous phase.

The DPRK and the U.S. are still in a state of war.

The U.S. warmaniacs should ponder over the grave consequences of the reckless nuclear war provocations against our Republic and act with discretion.

CPRF Denounces U.S. Planned 'War Exercises'

SK1801044896 Pyongyang KCNA in English 0441 GMT 18 Jan 96

["CPRF Secretariat Denounces U.S. Planned War Exercises" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] made public Information No. 701 on January 17 denouncing the United States for scheming to send strategic bombers of the Air Force to South Korea for dangerous war exercises.

The U.S. Air Force is reportedly to stage war exercises of B-1 and B-52 strategic bombers off the eastern coast of South Korea on February 13 and 15.

No one can vouch that the U.S. military bellicose quarters would not go over to a real war to attack the DPRK while staging war exercises of B-1 and B-52 loaded with nuclear bombs, the information said, and continued:

The United States claimed this time again that they would hold the exercises to cope with fictitious "threat from North Korea". It is a nonsense which will not go down with anyone.

We recently advanced the proposal for establishing a new peace mechanism for peace and security on the Korean peninsula and have made all possible efforts for its realisation.

The United States is talking about the "stability" of the Korean peninsula but, in actuality, threatens the DPRK by force of arms while shipping aggression armed forces into South Korea and staging war manoeuvres there.

If the United States threatens the DPRK, continuing the reckless war manoeuvres, the Korean people and People's Army have no choice but to take a necessary countermeasure.

'Military Provocations' by U.S., ROK Denounced

SK1801045596 Pyongyang KCNA in English 0445 GMT 18 Jan 96

["U.S. Imperialists and S. Korean Puppets Commit Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The South Korean puppet army soldiers fired machine guns and automatic rifles in the Demilitarized Zone [DMZ] on January 16 and seriously got on nerves of civil policemen of the North side on routine duty there, military sources said.

That day ten odd military vehicles fully loaded with soldiers and lethal equipment were brought in the DMZ.

On the 15th and 16th, the U.S. imperialist warmaniacs staged exercises for long-distance surprise strike on major strategic objects in the east and west coastal areas of the DPRK by scores of carrier-borne assault planes in the skies above South Korean areas.

They staged electronic and photographing reconnaissance on strategic areas of the DPRK by RC-135 strategic reconnaissance plane and U-2 high-altitude strategic reconnaissance plane on January 16. That day, scores of overseas-based large transport planes carrying lethal weapons flew in the U.S. Air Force bases in South Korea.

The repeated military provocations of the South Korean puppets in the DMZ and provocative aerial war exercises of the U.S. imperialist warmaniacs from the beginning of the year are deliberate and premeditated moves, rendering the situation of the Korean peninsula more strained.

The South Korean puppets and the U.S. imperialist warmaniacs must not act rashly.

ROK's 'Reckless Commotion for War' Denounced

SK1201123296 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 6 Jan 96

[Commentary by Chong Pong-kil: "Reckless Commotion for War of Northward Invasion"]

[FBIS Translated Text] From the beginning of this year, the Kim Yong-sam ring has indiscreetly run wild to drive North-South relations to a phase of extreme confrontation. According to a radio report from Seoul, puppet National Defense Minister Yi Yang-ho reportedly recently told bosses of the puppet Army, Navy, and Air Force that the military should more firmly maintain a perfect combat preparedness than ever before, maintaining a high vigilance against the North; that it should make all possible efforts to increase its combat capability; that elite military forces that are always victorious in battle should be formed; and the like.

Of course, even though warmaniacs such as Yi Yang-ho clamored about the so-called perfect combat preparedness of the puppet army, which plays the role as watchman for dirty, corrupt South Korean politicians, all the while alleging a threat from the North, no one will pay attention. What we cannot overlook unconcernedly is the fact that the Kim Yong-sam ring's warmaniacs are directly challenging the entire nation's desire for national reconciliation, unity, and peaceful reunification.

Such provocative remarks as those of the puppet national defense minister, the boss of the warmaniacs, which were uttered at the beginning of this year, are precisely a revelation of his attempt to wage an armed confrontation against us. Therefore, his remarks are an intolerable challenge and an intolerable provocation to our consistent efforts for peaceful reunification.

National reunification is the nation's cause for which the great leader [suryong] devoted all his energy and efforts until the last moment of his life, and thus is the nation's supreme task.

Proceeding from this, we have firmly adhered to the position to peacefully solve the question of national reunification, and are making consistent efforts for its realization.

In particular, we are making all possible efforts to achieve the great unity of the entire nation, which is a basic guarantee for realizing the country's independent and peaceful reunification.

Thanks to such consistent efforts for peaceful reunification, progress has been made in achieving the nation's great unity, and all compatriots in the North, the South, and overseas are rising up as one in the struggle to reach a turning point to achieve great national unity and national reunification this year.

Nevertheless, at the beginning of this year, the Kim Yong-sam ring uttered wild words aimed at seeking armed confrontation with us. This tells us that the rascals are not interested in the country's peace and in peaceful reunification, and are further advancing toward the road of war for a northward invasion.

In fact, the rascals have uttered all sorts of wild words, provoking us with the aim of preparing for a war of northward invasion. This can be proven by the fact that on 4 January, the traitor Kim Yong-sam called to Chongwadae [presidential offices] the bosses of the puppet administration and asked them to keenly watch and cope with the North's moves, preposterously laying the blame at our door; around the end of last year he prowled about frontline units of the puppet Army in a bid to fan war fever.

Furthermore, the Kim Yong-sam ring has mapped out the so-called middle-term national defense plan, which is aimed at reinforcing the armed forces of aggression on a large scale, and is now actively promoting the plan. The Kim Yong-sam ring has turned South Korea into a site for war exercises to invade the North. It has gone so far as to plan sending puppet army troops to the U.S. mainland for a joint military exercise with the U.S. forces there.

The situation in our country became more tense at the beginning of this year because of the Kim Yong-sam ring's indiscreet war provocation maneuvers. As a result, the dark clouds of war are drifting from South to North. The Kim Yong-sam ring's fanatical maneuvers for a war of northward invasion, which has become more unscrupulous since the beginning of this year, are closely related to the difficult situation of the rascals.

In other words, the Kim Yong-sam ring has now been driven into a corner as a result of the controversial secret fund scandal. As days go by and time passes, the slush fund scandal, in which the traitor Kim Yong-sam received money from No Tae-u, is being revealed one piece at a time, and the arrow of the people's denunciation is focused on the traitor Kim Yong-sam.

How much the South Korean people hate the traitor Kim Yong-sam can well be proven by the fact that a moot court held in Kwangju last December to punish Kim Yong-sam sentenced him to capital punishment, charging him with 150 crimes.

Thus, the traitor Kim Yong-sam, who has been driven into the worst crisis since he took office, is now kicking off a war commotion under the pretext of a threat from the North in a bid to divert the South Korean people's attention elsewhere.

However, it is a foolish act, like jumping into fire. Responding to fire with fire is precisely the firm determination and will of our people and our People's Army. Our people and People's Army are keenly watching the Kim Yong-sam ring's reckless war provocation maneuvers with high vigilance.

If the Kim Yong-sam ring provokes us first, the rascals will meet a disgraceful doom.

Kim Yong-sam Called Pro-U.S., Pro-Japanese

SK1701003996 Pyongyang Korean Central Broadcasting Network in Korean 0752 GMT 15 Jan 96

[Unattributed talk: "A Loathsome Flunkeyist Act of the Kim Yong-sam Traitorous Clique"]

[FBIS Translated Text] The flunkeyist traitorous acts of the Kim Yong-sam puppet traitor and his ring of traitors are reaching an extreme. Toward the end of last year, the Kim Yong-sam puppets committed another pro-U.S. flunkeyist traitorous act by signing a humiliating South Korean-U.S. special agreement to share defense costs.

According to this agreement, the puppets will annually share 10 percent more of the $300 million they paid last year to co-share the cost of the U.S. forces in South Korea.

That the Kim Yong-sam ring signed a treacherous agreement stipulating a greater share of the cost in compliance with the request of its masters, begging for the perpetual occupation of the U.S. forces, is the manifestation of a criminal scheme to keep the aggression forces in South Korea and to crush their fellow countrymen with U.S. support. This is another intolerable challenge to us who are sparing no efforts for peace and the peaceful reunification of the country.

Today, the struggle is waged worldwide to create a peaceful world free from aggression and war; the abolition of foreign military bases is a general trend. We witness nowhere else in the world an act of begging for the perpetual occupation by the aggression forces, offering over $3 billion [as heard] annually under the pretext of sharing maintenance costs, except that committed by the Kim Yong-sam ring.

The U.S. occupation of South Korea and its policy of aggression are a cancerous element that threatens peace and the peaceful reunification on the Korean peninsula as well as overall world peace and security. The U.S. imperialist aggression forces in South Korea are far from friends or protectors of the South Korean people.

They are aggressors, plunderers, and a sworn enemy of our people.

However, the Kim Yong-sam puppet clique is begging the U.S. imperialist master to harm their fellow countrymen, giving the master more money and ignoring the trend of the times as well as the consistent demand of the South Korean people. What weak-kneed traitors they are! We see no more loathsome colonial stooge and flunkeyist group in the world than the Kim Yong-sam ring which, still unsatisfied with leaving the rice market—the vital source of the South Korean people's livelihood—in the hands of others, decided to systematically increase the share of defense costs.

The traitor Kim Yong-sam's flunkeyist act can be found in his loathsome words and acts as a pro-Japanese stooge. For instance, during talks with the Japanese authorities at the Asia-Pacific Economic Cooperation [APEC] meeting held in Japan toward the end of last year, and in response to the outrageous words of the Japanese politicians who embellished the history of aggression that is filled with the crimes of the Japanese imperialists, the traitor Kim Yong- sam assumed an indecisive attitude, babbling that the issue of being aware of history should be resolved on a long-term basis and proposing a joint historical research.

It is well known to everyone that Japanese authorities have recently made outrageous remarks one after another positively appraising the history of aggression and the crimes of the Japanese imperialists. Last year alone, former Japanese Foreign Minister Watanabe and a top-level person within the Japanese Government made outrageous remarks about the Japanese-Korean Annexation Treaty being signed peacefully and being legally valid. When opinion at home and abroad strongly and extensively criticized them, they staged the farce of apologizing for their remarks.

On 8 December 1995, Eto, the Japanese minister of Management and Coordination, had to resign because of his remarks embellishing Japanese colonial rule in Korea.

The outbursts of these Japanese public office-holders were aimed at covering up the militarist past, which is fraught with crime, and at avoiding making atonements for the past by positively appraising the past crimes of the Japanese imperialists. This is the manifestation of their criminally wild ambition to realize the old dream of the Greater East Asian Co-Prosperity Sphere.

If the Kim Yong-sam ring has a fraction of national dignity and conscience, it should make an issue of these brazen-faced words and acts of the Japanese authorities, and should denounce and condemn them. However, instead of being indignant at the outrageous remarks of the Japanese conservative politicians who revive the ghosts of militarism, the traitor Kim Yong-sam and his ring of traitors defend them, saying it is a matter to be resolved on a long-term basis and a matter to be jointly studied. This proves the puppet traitor Kim Yong-sam not only accepted the criminally outrageous remarks by Japanese conservative politicians, but is dancing to their tune. This is an act that only the loathsome pro-Japanese flunkeyist traitors can commit.

The Kim Yong-sam ring's pro-U.S. flunkeyist act of signing the special agreement on co-sharing the defense costs of the U.S. forces in South Korea, and his pro-Japanese flunkeyist act of proposing a joint study of the matter regarding being aware of the history of the Japanese imperialists, are nothing but a tactic to tide over the ruling crisis of the Kim Yong-sam ring, which is in an extreme confusion and situation.

The South Korean people are demanding that the traitor Kim Yong- sam be immediately brought to justice and punished for his conspiracy in the traitor No Tae-u's slush fund scandal. Instead of listening to the voice of indignant public sentiment and stepping down from power, the Kim Yong-sam ring is attempting to curry favor with the U.S. and Japanese masters and sustain the filthy remaining life of the colonial stooge. In so doing, the Kim Yong-sam ring is trying to find a way out of its crisis by having itself more deeply embraced in the masters' bosom.

The village where a mad dog exists cannot be peaceful. The South Korean people will never tolerate the puppet traitor Kim Yong-sam and his ring of traitors, who have habitually engaged in acts of flunkeysist treachery since the first day of their assumption of power.

Diplomat in Zambia Cited on Wife's 'Abduction'

SK1801134396 Pyongyang KCNA in English 1328 GMT 18 Jan 96

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The press secretary of the Embassy of the Democratic People's Republic of Korea in Lusaka, Hyon Song-il, released a statement today in connection with the recent abduction of his wife, Choe Su-pong, by South Korean agents.

He said his family including a child lived in harmony, but his wife had become depraved from last year, causing family troubles. In view of her living conditions and social status, however, she had no reason to defect to South Korea from the North for such a moral shortcoming, he said.

It is apparent that she fell into a political plot of the South Korean authorities and they, availing themselves of her moral shortcoming, intimated and abducted her, he said.

Suffice it to say that I was told about her "defection" a week after she disappeared and his demand for meeting with her has been turned down, he said, and continued:

Historically, agents of South Korea's Agency for National Security Planning, for the purpose of slandering the socialist system of the DPRK, have intimated and kidnapped its diplomats abroad and deceived the people into believing that they defected to South Korea from the North, longing for its society. This is their old practice.

Recently, however, the South Korean authorities abducted a diplomat's wife, perpetrating such an anti-ethic crime as dividing a family. Their mean act fully reveals the deceptive nature of their favorite phrase "reunion of separated families."

Their act was motivated by a sinister political intention to assauge the public discontent with their anti-reunification, anti- dialogue policy and allay the South Korean people's longing for the North which is ever growing with the confused situation of South Korea. It is a nasty behavior of putting her on the altar of confrontation with the North, violating universally recognized international law and elementary human ethics and morality.

Then, Hyon Song-il expressed regret at the Zambian Government failing to clearly see the background of the incident motivated by an ulterior political purpose and properly solve it.

He also expressed the hope that unbiased world public opinion will urge the South Korean authorities to promptly stop such despicable political plots and send his wife back to him.

'News Analyst' Urges Japan To Improve Image

SK1501045896 Pyongyang KCNA in English
0427 GMT 15 Jan 96

["Shameless Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — Some time ago, the Japanese Foreign Ministry announced that it would take it as a major diplomatic task of Japan to bring earlier the day of her permanent membership of the Security Council of the United Nations.

This announcement reveals once again the intention of Japan to become a political power by gaining a seat of the permanent members of the U.N. Security Council at any cost, a news analyst of NODONG SINMUN today says:

What the Japanese authorities must do for the international community to make Japan a permanent member is to admit the crimes committed by the Japanese imperialists against the Korean and other Asian nations in the past and make an apology and proper compensation and reparation for them. However, they are claiming that they have no past crimes to admit, refusing to make an apology and reparation for them.

Ridiculous is the fact that the Japanese authorities, turning a deaf ear to the demand for settlement of their past, are hoping for a certain success in their diplomatic activities this year, thinking as if their tarnished image were improved in the United Nations last year allegedly for "resolutions on peace and disarmament they initiated and the active role they played in the domain of socio-economic development" and other activities at the UN.

It is the height of shamelessness to dream of becoming a political power while refusing to carry out what they must do. It only invites international apprehensions over the danger of Japanese militarism which is being revived rapidly.

The Japanese authorities are making a miscalculation.

Japan's image has not been improved but is being tarnished darker.

The Japanese authorities must properly fathom its cause and must do what they are obliged to.

They must know that this is the only way for Japan to obtain confidence from the international community.

Chongnyon Holds Central Activist Meeting in Tokyo

SK1801011596 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 11 Jan 96

[FBIS Translated Text] A central activist meeting of the General Association of Korean Residents in Japan [Chongnyon] was held on 10 January at the Cultural Hall of Korea in Tokyo to more properly implement Chongnyon's task for 1996 by upholding respected and beloved Marshal Kim Chong-il's New Year message.

Respectfully placed at the forefront of the meeting site were a portrait of the great leader Generalissimo Kim Il-song and a portrait of the great leader [yongdoja] Marshal Kim Chong-il.

Also placed in the meeting site were the slogans, "The great leader Generalissimo Kim Il-song is with us forever," "Let us develop the movement of Korean residents in Japan into a new high stage by upholding respected and beloved General Kim Chong-il's new year message," and "Let all organizations and functionaries of Chongnyon carry out work by mingling with the masses of Korean compatriots."

The meeting was attended by Ho Chong-man, responsible vice chairman of the Chongnyon Central Standing Committee; Pak Chae-no, Cho Man-sul, Kwon Sunhwi, Choe Pyong-cho, O Hyong-chin, Kim Su-sik, and Pae Pyong-tu, vice chairmen of the Chongnyon Central Standing Committee; (Yi Ki-sok), general director of the secretariat; bureau directors, responsible functionaries of Korean residents' organizations; and Chongnyon functionaries and Korean compatriots, including chairmen of Chongnyon branch headquarters in Kanto district in Japan.

The meeting began with the playing of the national anthem.

The New Year message respected and beloved General Kim Chong-il sent to Chongnyon Chairman Han Toksu was read at the meeting.

Responsible Vice Chairman Ho Chong-man made a speech at the meeting.

Participants in the meeting expressed their firm determination to implement the respected and beloved general's New Year message without fail.

At the meeting, a letter to the great leader [yongdoja] Marshal Kim Chong-il was read amid the participants' enthusiastic applause.

The meeting ended with the singing of the song of General Kim Il- song and the song of the dear Comrade Kim Chong-il.

Sends Letter to Kim Chong-il

SK1801135496 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 11 Jan 96

["Letter" to Kim Chong-il from the central activist meeting of the General Association of Korean Residents in Japan held at the Cultural Hall of Korea in Tokyo on 10 January]

[FBIS Translated Text] Letter to the great leader [yongdoja] Marshal Kim Chong-il: We are respectfully sending this letter to respected and beloved Marshal Kim Chong-il, the great leader [yongdoja] of our people and the benevolent father of the compatriots in Japan. Greeting the hopeful new year in which a new turn will be effected in the achievement of the chuche revolutionary cause and in the history of the movement of Korean residents in Japan, we have held a central activist meeting to more properly carry out the 1996 task of the General Association of Korean Residents in Japan [Chongnyon] by upholding respected and beloved General Kim Chong-il's new year message.

Receiving the message sent personally from the respected and beloved general to Han Tok-su, chairman of the Chongnyon Central Standing Committee, in the beginning of this year again following the past year, our hearts are boundlessly seething with infinite glory and happiness and with warm feelings of gratitude toward the general.

In the new year message, the respected and beloved general greatly appreciated that on the occasion of the 40th anniversary of the founding of Chongnyon and its 17th plenary meeting held last year, Chongnyon functionaries and Korean compatriots in Japan have provided the reliable foundation for further strengthening Chongnyon into a chuche-oriented organization of Korean compatriots overseas infinitely loyal to the leader [suryong], the nation, and the fatherland and for developing their patriotic cause generation after generation by upholding the fatherly leader's lifetime intent. He also highly assessed the successes achieved in the Chongnyon's patriotic work.

In the message, the respected and beloved general elucidated the brilliant path to develop the movement of Korean residents in Japan into a new high stage by thoroughly implementing the task set forth by the Chongnyon's 17th plenary meeting. He also vigorously encouraged Chongnyon functionaries and Korean compatriots in Japan to vigorously wage their patriotic work by firmly uniting as one mind and one will under the banner of the chuche idea and thus to achieve a new brilliant victory in 1996.

Greeting the new year, the respected and beloved general bestowed upon Chongnyon functionaries and industrialists the warm benevolence of sending the gift of love to them. He also gave the special consideration of inviting an art troupe of Korean students in Japan to the glorious new year greeting performance.

Cherishing the surging loyalty and filial piety and infinite reverence of Chongnyon functionaries and 700,000 Korean compatriots in Japan, we — who are present in this meeting — respectfully extend the utmost glory and most fervent gratitude to the respected and beloved Marshal Kim Chong-il, the great leader [yongdoja] and the benevolent father of our people, who always leads Chongnyon and Korean compatriots in Japan to victory and who bestows infinite benevolence upon them.

Receiving the respected and beloved general's programatic teaching at the dawn of the new year's first day, we are filled with the firm determination to thoroughly implement the general's new year message together with the people in the fatherland who are vigorously accelerating the majestic onward movement with the spirit of arduous march in order to make this year a historic year which will display higher the mettle of socialist Korea holding aloft the red flag.

In the new year, cherishing deep in our hearts the firm faith and indomitable will that we will be victorious when we absolutely trust and follow the respected and beloved general who is our destiny and future, we will further deepen the education on the greatness of the general, will more firmly establish the system of embodying the general's ideology and leadership, and, thus, will effect a new turning point in the patriotic movement.

In this way, we will develop into a new high stage the movement of Korean residents in Japan, which is a noble national, patriotic movement, and which was personally pioneered by the great leader [suryong] and led by the respected and beloved general.

We will firmly establish the work system of mingling with compatriots and the system of educating the masses of compatriots. All Chongnyon organizations and functionaries will concentrate greater efforts on working with compatriots under the slogan, "Let us carry out work by mingling with the masses of compatriots." In this way, we will strengthen and develop Chongnyon organizations into mighty compatriots' mass organizations which will take deep root among the Korean residents in Japan.

In particular, we will strengthen Chongnyon branches, which is basic living units of compatriots in Japan, and will decisively enhance the role and function of various Chongnyon-affiliated organizations such as the Federation of Korean Traders and Industrialists in Japan, the League of Korean Youth in Japan, and the League of Korean Democratic Women in Japan. In this way, we will more firmly rally a large number of compatriots, including the third and fourth generations of Koreans in Japan, into Chongnyon organizations.

We will firmly build Chongnyon organizations of all levels and further strengthen their singlehearted unity. We will smash all sorts of antinational maneuvers to suppress Chongnyon by reactionaries at home and abroad and will thus firmly defend Chongnyon organizations.

This year, which will mark the 50th anniversary of the enforcement of the middle school education and the 40th anniversary of the founding of Choson University Chongnyon will effect a great turning point in its national education work through a mass movement involving all Korean compatriots in Japan. Chongnyon will also vigorously wage the work of promoting compatriots' rights and practical benefits as a mass movement. In this way, Chongnyon will win support and confidence from compatriots as the bosom of mother on behalf of the fatherland.

We will vigorously wage a mass movement to realize national unity of all the Korean compatriots in Japan with a view to achieving national reunification under a confederal system according to the great leader's [suryong] lifetime will by upholding the 10-point program for great unity of the whole nation for national reunification and will more actively contribute to the work of defending and safeguarding the socialist fatherland and of further enriching our country, our fatherland.

We will see to it that the ranks following the chuche idea and the ranks supporting and sympathizing with us increase among the people of various countries of the world, including the Japanese people, in conformity with the demands of the prevailing situation and reality.

Without fail, all Chongnyon functionaries and Korean compatriots in Japan will effect a new turn and a new victory in Chongnyon's work this year by being infinitely loyal to the great ideology and leadership of the respected and beloved general who takes care of leading Chongnyon and Korean compatriots in Japan.

The respected and beloved general's long life and good health are precisely our ardent desire and our utmost joy and eternal happiness.

We respectfully wish the respected and beloved Marshal Kim Chong- il, who is the great leader [yongdoja] of our people and the benevolent father of the Korean compatriots in Japan, has a long life and good health for the inheritance and consummation of the chuche cause, for national reunification, for the new development in the movement of Koreans in Japan, and for the victory of the cause of making the world independent.

The central activist meeting held to more properly carry out the 1996 task of Chongnyon by upholding the respected and beloved Marshal Kim Chong-il's new year message.

[Dated] 10 January 1996, Tokyo, Japan

'Basic Ideology' of Foreign Policy Detailed

SK1701034996 Pyongyang Korean Central Broadcasting Network in Korean 0748 GMT 7 Jan 96

[Unattributed talk: "Independence, Peace, and Friendship Are the Basic Ideology of the Foreign Policy of Our Party and the Government of the Republic"]

[FBIS Translated Text] Greeting 1996, a hopeful new year, the joint editorial of NODONG SINMUN, CHOSON INMINGUN, and NODONG CHONGNYON indicates that in the new year, our party will consistently implement the foreign policy of independence, peace, and friendship in conformity with the demands of today's rapidly changing era.

The basic ideology of the foreign policy of our party and the government of the Republic—which is independence, peace, and friendship—has clearly proven its correctness and vitality with each passing day.

The great leader Comrade Kim Il-song has taught: The government of the Republic will continuously and firmly adhere to its foreign policy of independence, peace, and friendship.

Independence, peace, and friendship are the basic ideology of the foreign policy of our party and the government of the Republic set forth by the great leader Comrade Kim Il-song. Proceeding from the chuche idea and based on his scientific analysis of the basic characteristics of the present era and the trend of the developing international relationship, the great leader Comrade Kim Il-song has set forth independence, peace, and friendship as the basic ideology of the foreign policy of our party and the government of the Republic.

This ideology is a revolutionary foreign policy ideology that makes it possible to accelerate socialist construction in our country, and thus safeguard, adhere to, and further glorify our own style of popular masses-centered socialism. It is also the common noble ideology of mankind that makes it possible for the world's people to strengthen international solidarity and sincerely contribute to the cause of making the world independent.

To safeguard, adhere to, and further glorify the cause of socialism in our country, it is imperative not only to continuously and firmly adhere to the principles of independence in politics, self-reliance in economics, and self-defense in national defense and to accelerate the revolution and construction, but also to exercise complete sovereign rights in international relationships and provide international circumstances favorable for our revolutionary cause. To build an independent and peaceful new world, it is also imperative for all countries to solidify their national independence, reject aggression and war, ensure a durable and solid peace, and constantly develop friendly and cooperative relations under the principle of reciprocity.

All of this can be realized only when all countries advance, holding high the banner of independence, peace, and friendship.

Most important in the basic ideology of the foreign policy of our party and the government of the Republic, which is elucidated by the great leader Comrade Kim Il-song, is the ideology of independence. The ideology of independence is the basic cornerstone that governs all foreign policies and activities of our party and the government of the Republic.

Independence is the life of a country and a nation. It is also the basic symbol of a sovereign, independent country. When the ideology of independence is embodied in state activities, only then can a nation's dignity and a country's independent development and prosperity be achieved, and the cause of making the world independent be successfully realized.

Independence is the basis of the relationships among countries. All countries and nations have independent and equal rights as equal members of the international community. There are large and small countries throughout the world. However, great and minor countries cannot exist, nor can ruling and ruled nations exist. Thus, privilege and tyranny should not be allowed in international relationships, and complete equality based on mutual respect and independence should be ensured.

Because ideology makes it possible for each country to maintain state relationships with other countries based on independence and to develop friendships and cooperation with them, the ideology of independence makes it possible to accelerate both the independent development of a nation and the cause of mankind's independence.

By firmly standing at the position of independence, our party and the government of the Republic have independently set their foreign policies and thoroughly defended our country's sovereignty. They have also solved all problems arising in their international relations according to their independent faith and judgment.

Our party and the government of the Republic not only thoroughly reject intervention, pressure, threats, and blackmail by any outside force, but also respect the independence, sovereignty, and interests of other countries while resolutely opposing all attempts and maneuvers to infringe upon the sovereignty and interests of other countries and interfere with the domestic affairs of other countries. In addition, our party and the government of the Republic actively support the just cause of the people of all countries for national sovereignty and liberation against the maneuvers of the imperialists for domination and subjugation.

Our people have firmly lived up to this revolutionary faith and principle by firmly adhering to independence. As a result, they are now vigorously advancing along the road of socialism that they chose by themselves.

The ideology of peace is the inevitable demand that stems from the inherent nature of the state and the social system of our country. In our country, where the most superior socialist system has been provided, in which the working masses of people are the masters of everything and in which all things serve the working masses of people, there is no class or social stratum interested in aggression and war against other countries, and all our people want our country and the world to live in a durable and solid peace and security.

Our people's cause for socialism and for national reunification can be successfully achieved only when peaceful circumstances are created. Proceeding from this, our party and the government of the Republic have actively embodied the ideology of peace in their external activities.

Our party and the government of the Republic have resolutely opposed the imperialists' policy of confrontation by force, that is, the policy of aggression and war; they have invariably called for the suspension of armed reinforcements, the dismantlement of military blocs, the abolition of foreign military bases, and the withdrawal of foreign military troops. At the same time, they have called for establishing nuclear-free peace zones in many regions of the world; for banning the testing, production, storage, and use of nuclear weapons in all regions of the world; and for completely abolishing all nuclear weapons.

The ideology of peace firmly guarantees the peace-loving policy of our party and the government of the Republic as well as their peaceful external activities. Strengthening friendship with other countries is the firm policy of our party and the government of the Republic.

The ideology of friendship reflects the desire of our people and the progressive people of the world who want to maintain and develop relations among countries on the basis of independence and equality.

While giving priority to developing friendships with the progressive countries of the world, including socialist countries and nonaligned countries, our party and the government of the Republic have also maintained friendly relations with capitalist countries that are friendly toward our country, developing economic and cultural exchanges with them. In particular, our party and the government of the Republic have paid due attention to developing friendly relations with Asian countries that are geographically close.

The process of change in the international situation in 1995 vividly proves that the ideology of our foreign policy of independence, peace, and friendship is correct, and that the people's aspiration for independence, sovereignty, and socialism has become an irresistible trend of history.

Last year, disturbances, unrest, and international disputes took place in many regions of the world because of the imperialists. This created major unrest among the peace-loving people of the world.

Reality shows that the inherent nature of the imperialists for aggression has not changed, and that without smashing the maneuvers of the imperialists for aggression, neither the nation's sovereignty nor the world's peace can be achieved.

Last year our party and the government of the Republic also made active efforts to adhere to independence in the international arena, to strengthen the ties of friendship and cooperation with the people of all countries of the world who respect us, and to preserve the world's peace and security.

Last year, by advancing while holding aloft the banner of independence, peace, and friendship elucidated by the great leader Comrade Kim Il-song, our party and the government of the Republic not only smashed all sorts of maneuvers by the imperialists and reactionaries to isolate and suffocate our country and obliterate our socialist cause, but also reliably defended the country's peace and security and extraordinarily enhanced the country's international position and dignity.

In the future as in the past, our party and the government of the Republic will continue to thoroughly implement the ideology of independence, peace, and friendship elucidated by the great leader Comrade Kim Il-song while he was alive. Thus, they will resolutely defend the banner of socialism, the banner of anti-imperialist independence, no matter what strong winds blow across the earth, and will actively support and encourage the struggle of the people of all countries, including socialist countries and nonaligned countries, for independence, peace, national sovereignty, and social progress.

We will be faithful to the end to the cause of mankind's independence to build a free, peaceful, and friendly new world devoid of domination and subjugation.

Kim Chong-il Receives More Greetings From Abroad

SK1001031496 Pyongyang KCNA in English 0249 GMT 10 Jan 96

[All names are as received]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the new year 1996.

The messages came from Rashed Khan Menon, general secretary of the Central Committee of the Workers' Party of Bangladesh; Hasanul Huq Inu, general secretary of the Central Executive Committee of the Bangladesh National Socialist Party; B. Dashyondon, general secretary of the Mongolian People's Revolutionary Party; Bishnu Bahadur Manandar, general secretary of the Central Executive Committee of the Nepal Communist Party (United); Seik Mahmud Nahnah, chairman of the Islamic Social Movement of Algeria; P.V. Svoik and G.K. Aldamzharov, co-chairmen of the socialist party of Kazakhstan; Dogu Ferincek, chairman of the Workers' Party of Turkey; Gustavo Mohme Ryona, national secretary general of the Socialist Political Action Party of Peru; Tani Baler Lopera, general secretary of the National Executive Committee of the Left Revolutionary Union of Peru; Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland); Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; Peter Persaud, leader of the Amerindian Action Movement of Guyana; Leslle Ramsammy, leader of the United Republican Party of Guyana; Indalicio Sayago Herrera, general secretary of the Central Committee of the Socialist People's Party of Mexico; Rafael Aguilar Talamantes, national chairman of the Central Committee of the Lazaro Cardenas Front Party for National Reconstruction of Mexico; chairman Jesus Paz Galaraga and Secretary General Eustaquio Contreras of the People's Electoral Movement of Venezuela; Milomir Minic, general secretary of the Socialist Party of Serbia; Li Houdou, general secretary of the Construction Workers' Party of Benin; Mohamed Bel Hadj Amor, general secretary of the People's Unity Party of Tunisia; and Nkwesi Pratt, general secretary of the Popular Party for Democracy and Development of Ghana.

They extend warmest congratulations to Comrade Kim Chong-il and wish him good health and a long life.

They express the conviction that the friendly and cooperative relations between those parties and the Workers' Party of Korea will grow stronger and develop.

Kim Chong-il Thanks Officials, Working People

SK1001032996 Pyongyang KCNA in English 0253 GMT 10 Jan 96

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials of the Pukchong County, South Hamgyong Province, committee of the Workers' Party of Korea and the county administrative and economic committee, party members and working people in Songchon County, South Pyongan Province, Chang Yong-chun at the Haeju chemical factory, Choe Sun residing in Tonghung-tong, central district, Pyongyang, and other Japanese women residing in Pyongyang, an engineer Yun I-song of the Mangyongdae joint venture shoe-making company and many other officials and working people for giving full play to the traditional trait of the army-people unity.

Sincere assistance to the People's Army has been further prevailing in the whole society of Korea since Comrade Kim Chong-il was elected supreme commander of the Korean People's Army.

'Society of the Sun' Letters Laud Kim Chong-il

SK1701050996 Pyongyang KCNA in English 0443 GMT 17 Jan 96

["Members of 'Society of the Sun' in Seoul Hope For Good Health of General Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — NODONG SINMUN on January 16 introduced letters sent by members of the "Society of the Sun" in South Korea to its editorial board.

The "Society of the Sun" is a patriotic organisation formed by those who are advocating the great Kim Il-song idea underground in South Korea.

The letters carry the ardent reverence of the members of the "Society of the Sun" for respected General Kim Chong-il, the sun of the nation, and their earnest wishes for the good health of the general, the lodestar of national reunification.

They expressed thanks to the editorial board of NODONG SINMUN for carrying in the October 20, 1995, issue the lengthy poem "Song of the Sun" sent to the editorial board on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea last year, out of the desire to present a poem of sincerity to the sagacious general through the press, and for devoting much space to "My Country Where Song of the Sun Rings", an article responding to it.

The people in the South are awaiting the dear general even in a dream, wanting to be under his politics as soon as possible, the letters said, and noted: No other great man than General Kim Chong- il will lead the 70 million people in the three thousand ri land of Korea.

The people in the South are worshiping the general so highly because he is administering best politics with clear idea and philosophy, the letters stated.

Noting that the general is best in idea, philosophy, politics and traits, they said: Our general is best in the world in any aspect. That is why the people call the present world the Kim Chong-il world which moves according to his intention and praise the forthcoming 21st century as the Kim Chong-il century.

On the new year, the members of the "Society of the Sun" make a new year's bow to General Kim Chong-il in one mind through the press, the letters said.

They stressed:

On the earth revived socialism will run like the wind along the track of Kim Chong-il style, and Kim Chong-il idea, the idea common to all the people, will cover the earth, in a nutshell, the Kim Chong-il world will prosper for ever.

Vowing to hold General Kim Chong-il in high esteem in the square of reunification without fail, the members of the "Society of the Sun" said that they will overthrow the corrupt political climate and build the road of history along which General Kim Chong-il, the greatest man and the greatest sage, will come down to Seoul.

Expressing their wishes for the good health of the general, they said: We, unable to run to the respected general, earnestly ask the vanguard and compatriots in the North, who are always with him, to defend his safety.

There is only the Leader Kim Chong-il in whom we can believe in this world. We sincerely ask for gathering thoughts from all directions and taking steps for a long life of the only leader Kim Chong-il.

Literature on Kim Il-song, Kim Chong-il in ROK

SK1701114396 Pyongyang KCNA in English
1003 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — Copies of literature expressing reverence for the great leader President Kim Il-song and the great leader Comrade Kim Chong-il were scattered in Seoul and Pusan, South Korea, Seoul-based radio Voice of National Salvation [VNS] said.

The literature bearing the purple letters "Kim Il-song-immortality" and "Kim Il-song-great man, the sun" and the purple letters "A happy new year to Kim Chong-il" and "Longevity to Kim Chong-il" were respectively scattered at an octagonal hall of a children's park, and an octagonal pavilion of the Pagoda Park, Seoul, on Jan. 1, according to an information of the Seoul city Committee of the National Democratic Front of South Korea [NDFSK]. The literature is 8 centimetre in width and 15 in length.

According to an information of the Pusan city Committee of the NDFSK, many copies of literature 15 by 8 centimetres wishing General Kim Chong-il good health and a long life were scattered at Pusan National University and in streets at dawn of January 1.

Inscribed in the upper part of the front of the literature were the letters "The new year breaks. Let us straighten ourselves and pray for the good health and long life of General Kim Chong-il, the sun of guidance" with a dignified look of Chong-il peak, above which the red sun rose in the lower part.

Written in red on the blue background of the other side of the literature were the letters "The great leader General Kim Chong-il is the destiny of the nation and the lodestar of national reunification. As we are guided by him, the dawn of reunification is growing bright and the brilliant future of the tangun nation is promised. Let all of us vigorously wage the sacred struggle for independence, democracy and reunification, with self-confidence in holding general Kim Chong-il in high esteem!

[Dated] January 1, 1996.

[Signed] Patriotic Fellowship Society."

WPK Sends Message to 16 Jan LSWYK Meeting

SK1701062396 Pyongyang Korean Central Broadcasting Network in Korean
0700 GMT 16 Jan 96

[Text of a congratulatory message from the Central Committee of the Workers Party of Korea to the League of Socialist Working Youth of Korea and all its members on the 50th anniversary of the league's founding; read by Kim Chung-nin, secretary of the WPK Central Committee, at a central report meeting held at the 25 April Cultural Hall — live]

[FBIS Translated Text] To the League of Socialist Working Youth of Korea [LSWYK] and all its members:

Today, our people are meaningfully celebrating the 50th anniversary of the founding of the LSWYK with the honor of and pride in being the inheritors of the chuche revolutionary cause, amid the deep attention and congratulations of our party members and people.

The Workers Party of Korea [WPK] Central Committee extends warm congratulations to all LSWYK members and LSWYK officials on the 50th anniversary of the founding of the LSWYK. [applause]

The LSWYK is a chuche-oriented revolutionary youth organization founded by the great leader [widaehan suryong] Comrade Kim Il-song and led by our party. It is also a reliable political reserve unit of the WPK.

The great leader [widaehan suryong] Comrade Kim Il-song began his honorable revolutionary activities early, by launching a youth and student movement, initiating a chuche-oriented youth movement, and providing a glorious tradition for the movement. Based on this, following national liberation he also founded the Democratic Youth League, a popular youth organization, and strengthened and developed it into the LSWYK.

The founding of the LSWYK was a shining fruit of the respected and beloved leader's [kyongaehanun suryong] outstanding idea on the youth movement and his leadership over it, as well as a historic event that effected a new turn in the development of the youth movement of our country and the social and political lives of our young people.

As a result of the founding of the LSWYK, the youth movement of our country, following the tradition of the anti-Japanese revolution, adopted the chuche idea as a guiding ideology and solidly developed into a chuche-oriented youth movement that contributes to carrying out the cause of independence of the popular masses. Our young people strongly united into a single youth organization under the leadership of our party, and excellently cultivated their destiny. [applause]

After founding the LSWYK, the great leader [widaehan suryong] Comrade Kim Il-song always paid attention to strengthening and developing it, elucidated the course that LSWYK organizations should follow during each era and stage of the revolution, and led the youth work with fatherly love.

Our party presented the work of inheriting and completing the leader's [suryongnim] revolutionary cause generation after generation as the basic mission of the youth movement, energetically led the LSWYK work, and thus strengthened and developed the LSWYK into the leader's [suryong] powerful youth organization, strongly preparing our young people as reserves of the party and inheritors of the revolution.

The 50-year-long course traversed by the LSWYK, under the leadership of the party and the leader [suryong], was a proud history in which our young men and women fully demonstrated their revolutionary spirit and the honor of being a new generation of the chuche DPRK. It was a glorious history in which they brought about immortal achievements for the party, the revolution, the fatherland, and the people after surmounting pent-up trials. [applause]

During the anti-Japanese revolution, our youth resolutely safeguarded and defended the party and leader [suryong], following and learning the loyalty to the leader [suryong] and the revolutionary spirit the communist youth cherished. In implementing the party's line and policy, they always struggled at the forefront.

Since liberation, youth have greatly contributed to building the new fatherland, while sharply struggling against the class-oriented enemies at home and abroad. During the stern period of the fatherland liberation war, they displayed the matchless spirit of devotion and the mass-oriented heroism at the vanguard of smashing the enemies, defeating the aggressive Armed Forces of the U.S. imperialists and safeguarding the fatherland's freedom and independence. As a result, they demonstrated the wisdom and vigor of the heroic Korean youth throughout the world.

In a great struggle to build the chuche socialist system on the land of the fatherland after the war, as well as in the grand work to develop the fatherland, which they protected by shedding their blood, into a socialist power — independent, self-reliant, and self-defensive — our youth have fully displayed revolutionary zeal and creative talent, gaining a noble achievement that will shine in history.

In the flames of the ardent struggle lasting half a century, the LSWYK has been strengthened and developed into a revolutionary vanguard organization full of our party's revolutionary idea and chuche idea, as well as the strong capability of organization, unity, and combat. Also, our youth have grown up into reliable successors to the revolution who will open the future of the socialist Korea. [applause]

Under the stern situation where the imperialists' and reactionaries' antisocialist and antirepublic maneuvers are continuing, our youth are now learning and working with a full conviction and optimism under the leadership of our party. Also, they are fully carrying out their duties as shock brigade members in the socialist construction and as fighters in safeguarding the fatherland.

It is the great pleasure and pride of our party and people to have such outstanding youth, who possess sound ideology and spirit, are loyal to the party, the revolution, the fatherland, and the people, and will go through fire and water if asked by the party.

The WPK Central Committee highly assesses that over the past years, the LSWYK organizations and youth have attained great success in developing our country's youth movement and gained a brilliant feat in the revolutionary struggle and the construction projects under the leadership of the party and the leader [suryong]. [applause]

Today, our party and people are entering the new historic road of the onward march in which they are inheriting the revolutionary cause pioneered on Mt. Paektu under the red flag of the revolution. It is our youth who perform miracles in this sacred struggle.

Proceeding from the position and role the youth occupy in our revolution, our party has put forward a new slogan "Love Youth." Preserved in the slogan presented by the party is the boundless benevolence of the fatherly leader [suryong] — who outstandingly raised our youth and led them to gaining a heroic feat, as well as our party's warming love and consideration, including the party's and people's great trust and expectation for youth.

All of our youth should devote their body and mind to brilliantly inheriting and consummating the chuche revolutionary cause by cherishing deep in their hearts the party's slogan, thus upholding the leader's [suryong] behest. As a result, they should repay the party's and people's great love and trust.

The great leader Comrade Kim Il-song was an organizer and leader of the LSWYK, as well as the benevolent father of all of youth in our country.

The LSWYK is the great leader's [suryong] youth organization, and all of us are the leader's [suryong] sons and daughters. [applause]

LSWYK functionaries and youth should deem it their revolutionary faith, noble morality, and sense of obligation to be invariably loyal and dutiful to the fatherly leader [suryong], and should uphold the leader [suryong] eternally with the most clean mind.

LSWYK functionaries and youth should safeguard and defend the leader's [suryong] ideology and theory on building the revolutionary youth organization as well as the leader's [suryong] leadership achievements registered in developing the youth movement. They should also carry out all LSWYK business according to the leader's intent. Thus, they should forever strengthen and develop the LSWYK into Comrade Kim Il-song's youth league. [applause]

Our party is the destiny of our fatherland and the people. It is also the destiny of our youth. The LSWYK and all youth should be infinitely loyal to our party's leadership. Entrusting their destinies to the party, our youth should always trust and follow the party, and should live and struggle according to the party's breath.

All of our youth should firmly unite around our party and uphold the party's leadership with one mind based on loyalty and filial piety. They should also firmly prepare themselves to become the guns and bombs that will resolutely defend our party.

LSWYK organizations and functionaries should establish a revolutionary ethos in which the entire league moves as one under the party's leadership, and all members of the league unconditionally accept and thoroughly implement the party's line and policy. The loyalty of youth to the party, the revolution, the fatherland, and the people should be exalted in the practical struggle for socialist construction.

When we vigorously accelerate socialist construction, only then can we smash all sorts of challenges by the imperialists and reactionaries, defend and glorify our own style of popular masses-centered socialism, and further enrich our country, our fatherland.

Youth, who are the vigorous combat ranks of society, should play the leading role in carrying out the three revolutions—ideological, technological, and cultural—by upholding our party's general line for socialist construction. They should also vigorously wage various mass movements, including the youth shock brigade movement and youth scientific and technological march, so that constant innovations and upsurges can be effected in all fronts of socialist construction.

Youth should perform exploits in the party's revolutionary economic strategy by highly displaying the revolutionary spirit of self-reliance and fortitude.

Youth and students should energetically learn again and again with firm determination and ambition to glorify the socialist fatherland with science and technology, and thus should prepare themselves to become able socialist builders equipped with outstanding scientific and technological knowledge and strong physical strength.

Defending the fatherland is the youth's sacred duty. Young soldiers should strengthen combat and political training to prepare themselves to be one-is-a-match-for-100 fighters, and should firmly defend the defense line of the fatherland with revolutionary vigilance.

Youth should regard defending the country as their foremost honor, sincerely learn military affairs, rise up like mountains in case of contingencies and crush the enemy, and display the dignity and invincible might of our socialist fatherland.

The LSWYK and all youth should actively support and encourage the struggle of the South Korean youth and students for independence, democracy, and the country's reunification; should strengthen solidarity with all Korean youth residing overseas; and should wage a vigorous struggle to realize the country's independent reunification.

The LSWYK and our youth should strengthen friendship and solidarity with the progressive youth of the world as well as contribute to realizing the independence of the entire world.

The LSWYK should persistently keep up the indoctrination work for youth in conformity with their own duty. LSWYK organizations should intensify organizational work and vigorously conduct ideological indoctrination work among youth so that our youth may be brought up to be excellent revolutionaries and communists who are steady both politically and ideologically, and who have a noble, spiritual and moral trait.

LSWYK organizations should give good guidance to its members in their organizational life in order to establish a revolutionary, organizational life ethos of self-awareness in the league.

Our youth should always cherish the pride and honor of being members of the chuche revolutionary youth organization, should treasure their organizations, and should sincerely participate in organizational life so they can foster organization-mindedness and discipline-mindedness and continuously temper themselves in a revolutionary manner.

LSWYK organizations should conduct ideological indoctrination work for its members in a vivid and profound manner, using various forms and methods according to our party's policy of ideological revolution, doing so in conformity with the characteristics of youth and the demands of the prevailing situation.

Our youth should firmly arm themselves with the chuche idea in a manner befitting the young vanguards of the chuche Korea, should have the firm conviction of victory in the revolution, and should have a noble and beautiful communist morality and ethos. They should ensure that everywhere youth overflow with revolutionary romanticism and youthful vigor and passion.

To strengthen LSWYK organizations and enhance their function and role is an important requisite to successfully carrying out all the tasks set for the LSWYK. LSWYK organizations should establish revolutionary discipline and order in the league, as well as make all primary organizations into living organizations that actively function to strengthen the militant power of the LSWYK in every way and to organize and develop all work in a fresh and bold manner in conformity with the characteristics of youth.

The torchlight of the revolution kindled by our party brightly shines for the future of LSWYK organizations and youth. Today, our party is calling our new generation of youth to new victories and exploits.

The WPK Central Committee firmly believes all LSWYK organizations and youth will uphold our party's leadership with loyalty, and will attain a brilliant victory on the road of inheriting and completing the chuche revolutionary cause. [applause]

The WPK Central Committee, 16 January 1996. [applause]

National Meeting Held for LSWYK Anniversary

*SK1601234296 Pyongyang KCNA in English
1521 GMT 16 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — A national meeting was grandly held at the 6,000-seat theatre of the April 25 House of Culture on January 16 to commemorate the 50th anniversary of the League of Socialist Working Youth of Korea [LSWYK].

The LSWYK is a revolutionary youth organization of chuche type that has carried forward the shining traditions of the youth movement established by the great leader President Kim Il-song in the period of the anti-Japanese revolutionary struggle and reliable political reserves of the Workers' Party of Korea [WPK] who are upholding its idea and leadership.

Kim Chung-nin, secretary of the WPK Central Committee, read a congratulatory message of the WPK Central Committee to the LSWYK and all its members.

The congratulatory message says:

The foundation of the LSWYK was a shining fruit of Comrade Kim Il-song's outstanding idea on the youth movement and his guidance over it and a historic event that effected a new turn in the development of the Korean youth movement and socio-political life of the young people.

The 50 year-long course traversed by the LSWYK under the guidance of the party and the leader was a proud history in which the Korean young men and women fully demonstrated the revolutionary spirit and honor of being a new generation of chuche Korea and a glorious history in which they performed undying feats for the party, revolution, country and people, pulling through pent-up trials.

The WPK Central Committee highly praised the LSWYK organisations and the young people for the signal achievements they made in developing the Korean youth movement under the guidance of the party and the leader and for the brilliant exploits performed in the revolutionary struggle and construction work in the past period.

The congratulatory message expresses the belief that the LSWYK officials and the young people will hold Comrade Kim Il-song in high esteem for all ages, strengthen and develop the LSWYK into the youth league of Comrade Kim Il-song forever and thus win shining victory in the efforts to carry to completion the revolutionary cause of chuche.

Choe Yong-hae, chairman of the Central Committee of the LSWYK, delivered a report under the headline "Let Us More Staunchly Fight Under the Leadership of the Party, Holding the Red Flag of the Revolution High."

The reporter recalled that from the days when he embarked upon the road of the revolution, the great leader Comrade Kim Il-song wisely led the Korean youth movement along the road of victory, regarding the question of youths as a strategic issue vital to the destiny of the revolution.

Comrade Kim Il-song wisely led the LSWYK so that it could build up its ranks into ones of the successors to the revolutionary cause of chuche loyal to the guidance of respected General Kim Chong-il in keeping with the historic circumstances in which the revolution and construction is deepened and the change of the generation is taking place in the Korean revolution, the reporter noted, and said:

The great leader Comrade Kim Chong-il newly expounded that the essence of the youth movement is to carry forward and accomplish generation after generation the revolutionary cause started by the leader. He has energetically guided the LSWYK to be strengthened and developed into a revolutionary organisation of youths of chuche type.

It is thanks to the outstanding and tested leadership of Comrade Kim Chong-il that the LSWYK and the Korean youth movement have been strengthened and developed into a youth organisation, a youth movement which could be called with the august name of Comrade Kim Il-song in view of their political, ideological and organisational qualities and in fighting traits and method of activity.

It can be said with a high sense of pride and confidence that under the leadership of the party, the LSWYK has been strengthened and developed into invincible combatant ranks in the flames of the struggle spanning half a century and our youth and children have prepared themselves firmly to be ranks of revolutionary vanguards who will resolutely safeguard respected General Kim Chong-il as eight million rifles and bombs of which there is no rust-eaten rifle nor a blind shell and as 16 million handgrenades and defend the socialist homeland of chuche with their lives.

The reporter laid stress on the need to continue strengthening the LSWYK into an eternal youth league of Comrade Kim Il-song and accomplish the revolutionary cause of chuche under the leadership of general Kim Chong-il.

He called upon the members of the LSWYK and youths to become vanguards boundlessly loyal to their leaders Comrade Kim Il-song and General Kim Chong-il with absolute worship for the general by more dynamically conducting the movement to learn from him under the loyal slogan "Let us learn from the great leader General Kim Chong- il!"

Pak Ku-ho, chairman of the Central Standing Committee of the League of Korean Youth in Japan who is heading the congratulatory group of the league, delivered congratulatory speech at the meeting.

LSWYK Conference Opens in Pyongyang 17 Jan

SK1701233096 Pyongyang KCNA in English 1522 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — A conference of the League of Socialist Working Youth of Korea (LSWYK) has opened at the 6,000-seat theatre of the April 25 House of Culture this afternoon.

"On Renaming LSWYK the Kim Il-song Socialist Youth League" was put on the agenda of the conference as wished by the league members and all other young people throughout the country.

Placed on the platform was a portrait of the great leader President Kim Il-song as against the background of the LSWYK flag.

Invited to the conference were vice marshals of the Korean People's Army [KPA] Cho Myong-nok, who is director of the General Political Department of KPA, and Paek Hak-nim; Kim Chong-in, secretary of the Central Committee of the Workers' Party of Korea (WPK); Chang Chol, vice-premier of the Administration Council; and other officials.

Also present on invitation was a congratulatory group of the League of Korean Youth in Japan which came here to participate in the celebration of the 50th anniversary on LSWYK.

Silk banners and congratulatory messages and letters have come to the conference from LSWYK organizations, youth and students throughout the country and foreign, international and regional organizations of youth and students.

Choe Yong-hae, chairman of the LSWYK Central Committee, delivered a report titled "Let Us Add Lustre to the Honor of the Kim Il-song Socialist Youth League for All Ages."

He said putting to LSWYK the august name of the great leader Comrade Kim Il-song, the supreme symbol of all victory and glory of our people, is an expression of the WPK's deepest trust and highest commendation and is also the greatest glory for all the officials of the youth organizations and young men and women.

The proud history of the Korean youth movement is precisely the glorious revolutionary history of Comrade Kim Il-song and LSWYK's great honor and invincible efficiency are unthinkable apart from his august name, said the reporter.

He quoted the great leader Comrade Kim Chong-il as saying:

"Ever since he embarked on the road of the revolution the great leader Comrade Kim Il-song has regarded the youth question as a strategic matter affecting the destiny of the revolution, put forward ideas and theories on the youth movement on the basis of the chuche idea in each period and at each stage of the revolution and has wisely led the youth movement in our country."

The reporter said:

The glorious and brilliant revolutionary history of Comrade Kim Il-song involves the 70-year-long history of the triumphant struggle of the Korean communist youth movement. The proud history of the Korean youth movement is associated with his great leadership.

Respected Comrade Kim Chong-il is the great leader who made clear in a scientific way that the youth movement is, in essence, a movement for carrying forward through generations the revolutionary cause started by the leader and has constantly strengthened and developed our youth league to be a revolutionary youth organization of Comrade Kim Il-song in each period and at each stage of the developing revolution.

On the occasion of the 50th anniversary of LSWYK, its organizations, youth and children throughout the country have sent to the LSWYK Central Committee petitions and millions of letters carrying the desire for naming LSWYK after Comrade Kim Il-song. They ardently want to have their desire realised without fail.

It is natural that LSWYK is named after the fatherly leader Comrade Kim Il-song in view of the exploits he performed in the history of the Korean youth movement and in view of the aspiration of the time and the people.

Naming LSWYK after Comrade Kim Il-song will be a historic event greatest ever in the efforts to strengthen and develop the Korean youth movement and the youth league and a signal occasion in further promoting the revolutionary cause of chuche successfully.

The reporter, reflecting the unanimous desire and will of the youth and all other people of the country, brought up at the conference the issue of strengthening and developing LSWYK into the Kim Il-song Socialist Youth League.

The Kim Il-song Socialist Youth League is a young vanguard of WPK, the party of Comrade Kim Il-song, which carries forward the socialist cause of chuche, the glorious revolutionary cause started and led by him, with the immortal chuche idea as the guiding idea, he said. It is also an undivided and mass organization, a revolutionary youth organization of chuche type which has reached the highest stage in the building of the youth organization in our country.

He called on all the youth league officials and young people to hold Comrade Kim Il-song in high esteem as the sun of chuche and the teacher of the youth movement for all ages and remain faithful to the leadership of respected General Kim Chong-il, supreme commander of the socialist youth movement.

Many delegates took the floor at the conference.

The conference continues.

Renaming of LSWYK Supported

SK1801105696 Pyongyang KCNA in English 0950 GMT 18 Jan 96

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — Renaming the League of Socialist Working Youth of Korea (LSWYK) the Kim Il- song Socialist Youth League has been taken up for discussion at the conference of the LSWYK now under way here.

Delegates of LSWYK organizations of various level have been expressing full support and approval for the report on renaming the LSWYK the Kim Il-song Socialist Youth League, which was presented to the conference.

The chairman of the Pyongyang Municipal Committee of the LSWYK, Chang Yong-chol, said, "As the LSWYK has strengthened and developed into the Kim Il-song Socialist Youth League, the youth league of

Korea has perfected its features as the youth league of Comrade Kim Il-song both in name and in reality, which carries forward to completion, generation by generation, the socialist cause of chuche pioneered by him and as the youth organization of respected General Kim Chong-il."

Pak Song-chol, chairman of the Kim Chaek Iron and Steel Complex Committee of the LSWYK, said, "We youth officials will go deep into the youth masses like the officials of the young communist league of the anti-Japanese guerrillas to carry on ideological education in a substantial way and establish the organizational way of life, so that all young men and women may uphold the party with iron, with the torchlight of the revolution held high, and grow up as young heroes and heroines in the proud struggle to add lustre to the glorious Workers' Party era, and enjoy the pride and happiness of youthful life to the full."

Yun Hui-sop, chairman of Kim Il-song University LSWYK Committee, said, "I will enhance the militant function and role of the Kim Il- song Socialist Youth League in every way so as to build up all university youth organizations firmly to be the ironlike collective with high sense of organization and discipline."

"And, by invigorating the revolutionary organizational life among the students, I will train them into indomitable revolutionaries who think and behave only as required by the chuche idea," he added.

Yi Chong-ki, editor-in-chief of the newspaper NODONG CHONGNYON, said, "We will, as in the past, in the future, too, keep the propaganda of the greatness of respected General Kim Chong-il as the lifeline of the newspaper and carry through the party's idea on the youth movement to make all press items better political pabulum of young people."

The chairman of the Korean People's Army Committee of the LSWYK, Kim Myong-ho, said that all young servicemen of the People's Army are loudly shouting to the world that "The LSWYK is the youth league of Generalissimo Kim Il-song, which can not be called otherwise than the august name of the great leader Comrade Kim Il-song."

Papers Observe LSWYK Anniversary

SK1701051296 Pyongyang KCNA in English 0501 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — Papers here today dedicate articles to the 50th anniversary of the foundation of the League of Socialist Working Youth of Korea.

In an editorial captioned "Very Bright Is Prospect of Korean Youth Movement Advancing Under Guidance of the Great Leader Comrade Kim Chong-il" NODONG SINMUN stresses that as long as respected Comrade Kim Chong-il embodies in full the great leader Comrade Kim Il-song's idea on the youth movement, true to it at all times and as long as the Korean youths remain loyal to the leadership of the party, the LSWYK will shine brilliantly together with the August name of Comrade Kim Il-song for all ages.

The editorial says:

Comrade Kim Il-song inaugurated a powerful youth organisation involving all the young men and women of various social strata in Korea on January 17, 1946. This was a historic event of great significance in the development of the Korean revolution and youth movement.

The editorial elaborates on the proud 50 year-long history of the LSWYK that has performed imperishable exploits for the times and the revolution.

It goes on:

Our LSWYK has been able to discharge its mission and role with credit as political reserves of the party, always sharing the destiny with the party in the grim and arduous way of revolution entirely because it has made revolution under the guidance of the great leaders, Comrade Kim Il-song and Comrade Kim Chong-il.

They led the Workers' Party of Korea, the revolution and the youth movement for the past decades. In the significant decades an epochal turn has been effected in the strengthening and development of the LSWYK and in the ideological and moral traits of the young people. With the policy of modelling the ranks of the youths on the chuche idea laid down and all-round efforts made for its realisation in the period, the LSWYK has been possessed of flawless qualities befitting the youth league of Comrade Kim Il-song and, has been able to discharge its mission with credit as a reserve combat unit of the supreme commander Comrade Kim Chong-il.

The LSWYK organisations and all the young people, a new generation in the period of revolutionary turn, should turn out in a more powerful struggle to carry to completion the revolutionary cause of chuche in firm unity around Comrade Kim Chong-il, holding the red flag high.

Victory and glory are always in store in the future road of the Korean youth movement that is vigorously fighting for the accomplishment of the chuche cause, holding the red flag of the revolution high, under the leadership of Comrade Kim Chong-il whom all the people look up to as an outstanding thinker and theoretician, a statesman, a tested and experienced leader and an ever-victorious iron-willed brilliant commander.

In an article entitled "Bright Is Future of the Young Vanguards Who Are Making a Dynamic Advance, Holding the Torchlight of Revolution" MINJU CHOSON says that the 5 million young people will do their bit as the successors to the revolution under the uplifted torchlight given to them by respected General Kim Chong-il.

'Heroic,' 'Proud Achievements' of Youth Reported

SK1601233296 Pyongyang KCNA in English 1552 GMT 16 Jan 96

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — The members of the League of Socialist Working Youth (LSWY) and other young people in Korea are looking back upon their proud achievements on the threshold of the 50th anniversary of the league.

In each stage of the Korean revolution the young people performed heroic feats in revolutionary spirit.

The Korean young people like to make revolution and struggle.

The Great Leader President Kim Il-song wrote in his reminiscences "With the Century", referring to the laudable feats and deeds of the young people in our age: "I would like to seat these young people on cushions of gold."

During the colonial rule by the Japanese imperialists, the young communists of Korea waged an arduous anti-Japanese revolutionary struggle, holding President Kim Il-song in high esteem as the great sun of the nation, the centre of leadership, and registered the great revolutionary exploits, which will remain long in the history of the Korean nation.

Kim Hyok, Cha Kwang-su and other young communists set a noble example of the young vanguard.

The Korean young people gave full play to their good disposition in the struggle for the country and the people after the national liberation in August 1945.

In the rigorous period of the 1950-1953 fatherland liberation war against the invasion by the U.S. imperialists and their allied forces, our young people defended the gains of the revolution and every inch of the fatherland with their blood.

A large number of heroes and heroines, known or unknown, were all in tens or twenties. Among them were Yi Su-pok, who covered the muzzle of the enemy's machine gun with his body to ensure the advance of his unit, and Kang Ho-yong, who threw himself into the enemy's camp with a grenade in his mouth.

The Korean young people fully demonstrated their youthful disposition in building the Chonsong Youth Coal Mine, the Kanggye Youth Power Station, Haeju-Hasong railways and many other major projects during the Great Chollima Upsurge after the war and the socialist construction.

The heroic young servicemen successfully built the world-leading West Sea Barrage across a rough sea extending eight kilometres in a matter of five years, demonstrating once again to the world the resourcefulness and stamina of the Korean young people.

With the 13th World Festival of Youth and Students as an occasion the young builders wrought miracles in the construction of capital city including Kwangbok Street and the May Day Stadium. They erected over 260 monumental edifices in the three years.

The Taehung Youth General Mining Enterprise, the Namhung Youth Chemical Complex, northern railways (250 kms), the monument to the victory in the fatherland liberation war and other monumental edifices in the Workers' Party era are associated with the heroic disposition of the Korean young people, who like to work and struggle.

On the occasion of the 50th anniversary of the Workers' Party of Korea the young people built the monument to party foundation, Chongnyu Bridge (second stage), Kumnung Tunnel No. 2, Pyongyang- Hyangsan Tourist Highway and other edifices.

The young shock brigade movements are being conducted everywhere the young people work in Korea.

The proud mark "youth", which are put on factories, enterprises, coal mines, mines, power stations, railway stations, machines, fields, etc., tells about the feats of the young people, who are creators of merits.

The LSWYK members and other young people are now volunteering for work in the difficult and hard sectors of socialist construction under the slogan "Let us become young heroes in the worthwhile struggle to add lustre to the Workers' Party era!" so as to make a breakthrough in advance.

Youth Mission for 'Revolutionary Cause' Discussed

SK1601233896 Pyongyang KCNA in English 1602 GMT 16 Jan 96

["Stamina of Korean Youths Advancing With Torchlight of Revolution" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — As the revolutionary forerunners covered the road of bloody and rigorous struggle, singing the "song of the red flag", the Korean youths will staunchly fight, holding in their hands the torchlight of revolution delivered by respected General Kim Chong-il loudly singing the song "Let Us Hold High the Red Flag." Thus they will discharge their honorable mission and obligation to inherit and accomplish the revolutionary cause started by the fatherly leader Comrade Kim Il-song.

This is stressed by Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea (LSWYK), in an article contributed to NODONG SINMUN on January 16 on the occasion of the 50th founding anniversary of the LSWYK.

He says:

The Korean youths received a torchlight of revolution from General Kim Chong-il, the supreme commander of the Korean youth movement, in October last year.

This is the torchlight of chuche associated with the immortal revolutionary exploits and the whole life of Comrade Kim Il-song and the torchlight of faith representing the unshakable faith and iron will of General Kim Chong-il to accomplish the revolutionary cause of chuche started in the thick forests of Mt. Paektu no matter how the world may change and what a raging wind may blow.

The mettle of the Korean youths who are advancing with the torchlight of the revolution in their hands is fully demonstrated by the fact that they are struggling with the steel-like resolution to become rifles and bombs decisively defending General Kim Chong-il.

He quotes the Great Leader Comrade Kim Il-song as saying:

"Youths should unite themselves around Comrade Kim Chong-il in one mind and remain loyal to the leadership of the party as the first generation of our revolution who opened up the glorious road of the Korean revolution struggled in firm unity around their leader."

Choe Yong-hae further says:

It is an unshakable determination of our young men and women to resolutely defend General Kim Chong-il with their lives. This is expressed in the slogan of their faith that they will become five million rifles and bombs.

Bearing this spirit of rifle and bomb in their minds our youths are firmly preparing themselves to be loyal lifeguards and death- defying corps who are ready to live only for the great General Kim Chong-il and to sacrifice themselves for him at any place and in any time.

There is no rust-eaten rifle or blind bullet among our five million rifles and bombs.

The mettle of the Korean youths is also expressed in the fact that they are endeavouring to make their country, their motherland more prosperous and that they are living and working in the sound and revolutionary way of life.

If the party and the leader want, our youths voluntarily take charge of any difficult task and unhesitatingly throw themselves in raging waters and fire so as to thoroughly carry out the revolutionary tasks assigned by the party. This is their fighting spirit.

Our youths like the revolution, the labour and struggle and they love their comrades and collective and share the weal and woe with one another, helping and leading each other forward. This is the way of life and struggle of our youths who are advancing, holding the torchlight of the revolution high.

The imperialists are viciously scheming to instill the idea of bourgeois liberalisation and idleness into the minds of our youths. However, it will never work on the Korean youths.

They deeply respect the forerunners of the revolution, love and value the communist morality and hate and reject the morality of the exploiting class and its corrupt bourgeois way of life. The Korean youths who are holding the torchlight of the revolution in their hands are the younger generation who is struggling with the noblest revolutionary obligation, lofty morality and a sound and revolutionary way of life.

'Baton of Revolution' Handed Over to Youth

SK1601234196 Pyongyang KCNA in English 1506 GMT 16 Jan 96

["Baton of Revolution" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — The baton of revolution has been handed on creditably in Korea.

The torchlight handed by the great leader Comrade Kim Chong-il to youth and school children in October last year represents his deep trust in them. He expects that they will be true young vanguards of the party in carrying to completion the revolutionary cause pioneered by the great leader President Kim Il-song.

Comrade Kim Chong-il said:

"Today the young Koreans are faced with the noble task of inheriting and developing, under the leadership of our party, the revolutionary cause of chuche which was pioneered and has been led by the great leader Comrade Kim Il-song."

The revolutionary spirit and the trait of struggle of the young people of the third and fourth generations are derived from the loyalty to the party and the leader, the devotion to the fatherland and the people, the revolutionary spirit of self-reliance and hard struggle and the noble comradeship, which were displayed by the first and second generations in each period of the Korean revolution.

Kim Hyok, Cha Kwang-su and other young communists and anti- Japanese guerrillas, who belonged to the proud first generation of the Korean revolution, upheld respected President Kim Il-song as the centre of unity and defended him at the cost of their lives.

Today 8 million young people and school children are living in this spirit. They are now preparing themselves as rifles and bombs, a reserve unit of the respected supreme commander Comrade Kim Chong- il and the young vanguard of the party, holding him in high esteem as the great leader and defending him with their lives in the van.

The noble patriotic spirit of the hero Kim Chin, who silenced the enemy's machinegun with his body in the 1930s, was succeeded by the 18-year-old hero Yi Su-pok in the fatherland liberation war and by Kim Kwang-chol and many other young heroes and heroines in the 1990s.

Sons and daughters of the second generation including Kim Chik- hyon, Chin Ung-won and Yim Kun-sang, the heroes at the times of post-liberation building of a new country and the great Chollima upsurge after the war, are creditably succeeding to the lineage of revolution at the working places where their parents worked, and are working hard to make their country and their motherland more prosperous.

The artery of the Young Communist League of Korea, the first young communist organization formed by President Kim Il-song in his early revolutionary days, was carried forward by the democratic youth union after the liberation of the country and that of the union has been inherited reliably by the League of Socialist Working Youth of Korea (LSWYK).

Now young people and children in some countries have fallen into trouble-makers of the society and act as understrappers in moves against the revolution, debasing the accomplishments of revolutionary forerunners.

But, the Korean youth and school children are firmly defending the revolutionary cause pioneered by the predecessors, as fortress and shields.

The torchlight held fast to by the 8 million Korean youth and children will continue to flare up into an undying flame of the revolution.

Paper Urges Proper Education of Youths, Children

SK1701111796 Pyongyang KCNA in English 1015 GMT 17 Jan 96

["Improper Education of Youths and Children Makes It Impossible To Defend Socialism, Says NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — The proper education of youths and children makes it possible to defend and develop socialism down through generations, and unless they are given proper education, they will make a mess of socialism, says NODONG SINMUN today.

The paper quotes the great leader Comrade Kim Chong-il as saying:

"It is a historical lesson that even in a socialist society the younger generation cannot grow up into reliable successors to the revolution nor can they defend socialism unless they are given proper education."

In a signed article headlined "Improper Education of Youths and Children Makes It Impossible To Defend Socialism" the paper says that in the countries where socialism has suffered setbacks the opportunists and renegade socialists have resorted to premeditated schemings to poison the youths and children with the bourgeois ideology and morality, pursuing policies of "reform" and "restructuring".

It further says:

The "reform" in education by the renegade socialists resulted in abandoning the education of youths and children.

The renegade socialists let the state committee for people's education of the former Soviet Union take measures to teach a third of the compulsory subjects in general secondary education and the rest according to the tastes and aptitude of the pupils in 1988.

They systematically destroyed youth and children organisations so that they could not play their role as ideological education organizations.

In the former Soviet Union the Communist Party's guidance over the Lenin Young Communist League involving more than 40 million young people was relinquished. As a result, the league was torn asunder by many political parties and organisations and, eventually, its existence ended. Accordingly, the Young Pioneers'

Organisation, which was formed in 1922 and had existed as reserves of the league, disintegrated.

The renegade socialists had the youths and children infected with the bourgeois ideology, morality and way of life through mass media and other channels.

In the former Soviet Union the then youth paper KOMSOMOLSKAYA PRAVDA and other publications carried articles describing the United States as "peaceloving," not aggressive. Many young people in the former Soviet Union tainted with capitalist ideology and morality were pulled out to streets by the renegade socialists to chant the slogan "overthrow the Communist Party" at the time of the August 1991 incident.

As above-mentioned, the former Soviet Union and other East European countries gave up the education of youths and children, so that they went astray spiritually and morally and could not defend the socialist system, a product of the blood and sweat of the preceding generations.

MINJU CHOSON Emphasizes Ideological Work

SK1701022596 Pyongyang MINJU CHOSON in Korean 22 Oct 95 p 2

[Article by Chon Kum-son: "Ideological Work Is an Important Task Entrusted to Administrative and Economic Functionaries"]

[FBIS Translated Text] In his classical work "Giving Priority to Ideological Work Is an Essential Requirement for Consummating the Cause of Socialism," the great leader [yongdoja] Comrade Kim Chong-il elucidated that functionaries should efficiently conduct ideological work.

Today, as we vigorously wage a grand forward campaign, deeply understanding the profound ideas of this classical work and properly conducting ideological work, political work, are important tasks facing the functionaries of administrative and economic agencies.

The great leader Comrade Kim Chong-il has indicated: In a socialist society, everyone in every sector and every unit should conduct ideological work, political work.

Ideological work, political work, is a major task affecting all members of society. It is a difficult task to free the people from the yoke of obsolete ideas, to arm them with socialist ideology, and to mobilize their revolutionary zeal and creative positiveness. Accordingly, ideological work, political work, should be conducted not just by party functionaries or functionaries in charge of ideological work, but by every functionary in every sector and every unit, no matter what their assignment.

Ideological work, political work, is also an important task for administrative and economic functionaries.

Administrative and economic functionaries are the core of our party and the commanding staff of the revolution who unite the masses around the party and who organize and mobilize them to implement party policy. Administrative and economic functionaries should regard ideological work, political work, as an important revolutionary mission entrusted to them, and should vigorously carry out the work so as to properly fulfill and play their mission and role as those who organize and educate the masses.

The reason ideological work, political work, is an important mission entrusted to administrative and economic functionaries is because this work is a beginning for all other tasks.

Revolution and construction are carried out by the people. Thus, the result of the revolutionary struggle and the result of socialist and communist construction depend on how the work is carried out by the people.

In its essence, work with the people is political work and work that is linked to the people's ideas.

Man is a conscious social being, for man's activities are controlled by his consciousness. Thus, work with the people that is designed to motivate people should be political work to mobilize and educate people.

Regarding work with the people, political work as a beginning for all other work means thoroughly arming the people with the party line and policy, and arousing their revolutionary zeal prior to attempting to carry out any other task so as to encourage them to carry out the given revolutionary tasks with the lofty sense of awareness and positiveness. Revolution is not something we carry out upon the urgings of others, or something we carry out for reward. It is something we should accomplish with our own political faith and awareness. Therefore, giving priority to ideological work, political work, and enhancing people's consciousness and positiveness, should be a firm principle.

Regarding political work as a beginning for all other work is an intrinsic demand of a socialist society.

Ideology is the life of a socialist society. Without ideological work, a socialist society cannot be established, cannot continue to exist, and cannot develop. A socialist society is led by socialist ideology and is basically driven by socialist ideology. Unlike a capitalist society, where money is everything, a socialist society is developed by the power of ideology and through the conscious activities of the people who are armed with socialist ideologies. Precisely, this is an inherent character of a socialist society. Thus, the stability of a socialist society and its development depend on how ideological work is conducted and how the people are ideologically armed. Socialism will be victorious if the people are armed with socialist ideology and if they unite as one based on this. Socialism will be ruined if people become ideologically ill. The superiority of socialism to capitalism is precisely an ideological superiority, and the power of socialism is precisely the power of ideology.

By thoroughly arming the working people with socialist ideology, and by arousing their revolutionary zeal and creative positiveness, only then can socialism be defended and its superiority be fully displayed in a socialist society without fail, even amid the antisocialist maneuvers of imperialists and reactionaries. This is precisely one of the reasons why ideological work, political work, is an important mission entrusted to administrative and economic functionaries.

The reason ideological work, political work, is an important mission entrusted to administrative and economic functionaries is because ideological work is a precondition to bringing about ceaseless upsurges in socialist economic construction.

It is important to adequately organize economic organizational work so as to increase socialist economic construction. Economic organizational work is an essential demand of socialist economic construction. The socialist economy is a monolithic organic system encompassing all of society; all sectors and units of the people's economy are meshed with one another like toothed wheels. The socialist economy is a highly systematized economy that develops according to a plan. Accordingly, it is not possible to successfully conduct socialist economic construction without economic organizational work. As socialist economic construction advances further, economic organizational work should be further intensified. However, economic organizational work cannot be adequately organized without giving priority to work with the people, political work. If political work is disregarded, no economic tasks can be successfully carried out no matter how hard we try. This has been proved by practical experience in socialist economic construction.

Today, we face an important task, to implement the revolutionary economic strategy of the party and bring about new upsurges in all areas of socialist economic construction. An important key to accomplishing this difficult and heavy task lies in how we organize work with the people, political work. When political work is properly conducted according to the demand of the given mission and duty, only then can administrative and economic functionaries constantly improve economic organizational work by enhancing their own consciousness as the masters of economic management, and can successfully implement the party's economic policy by fully mobilizing the people's revolutionary zeal and creative positiveness.

Another reason ideological work is an important task entrusted to administrative and economic functionaries is because this work is an important requirement for preventing ideological and cultural infiltration by the imperialists and for firmly consolidating our socialist ideological fortress.

Today, imperialists are scheming to ideologically and culturally infiltrate the political, economic, cultural, and all other areas of other countries. Imperialists are viciously scheming to infiltrate bourgeois ideas and corrupt bourgeois life-styles, not only into such ideological and cultural areas as publications, press, literature, arts, and education, but also into economic areas. This reality requires administrative and economic functionaries to further intensify their ideological work to arm the working people with socialist ideology in their units. It is not any special group of people who have to defend the socialist ideological fortress. In our society, all functionaries who are the core of the party should become ideological vanguards to support and defend our own style of socialism.

Presently, there are many functionaries at all levels of administrative and economic agencies. If all functionaries of administrative and economic agencies aggressively conduct work with the people, political work, by deeply realizing their mission as the educators of the people, then no alien element can infiltrate into their area, and our socialist ideological fortress can be further consolidated.

During those early days when we were launching the work of imbuing society with the chuche idea, the great leader Comrade Kim Chong-il had already put forth a slogan calling for all party members to become propagandists and agitators, and saw that ideological work, political work, is vigorously carried out not just by party functionaries or propaganda functionaries, but also by administrative and economic functionaries. The great leader Comrade Kim Chong-il saw that our functionaries established a habit of educating people by going to the masses and working with them, just as the anti-Japanese guerrillas did, and invigoratingly conducted political work by breaking the old habit of formalism and by adopting various styles and methods according to the individualities and levels of the people. Thanks to such wise leadership by the great Comrade

Kim Chong-il, a great turn has been made in the ideological work of our party.

Today in our country, all administrative and economic functionaries give priority to political work in carrying out the revolutionary tasks assigned to them. Wherever administrative and economic functionaries are assigned, political work is vigorously carried out, and upsurges and innovations are ceaselessly effected in production and construction. This clearly shows the correctness and vitality of our party's policy on ideological work, political work.

All administrative and economic functionaries should adhere to and thoroughly complete the idea elucidated by the great leader Comrade Kim Chong-il in his classical work "Giving Priority to Ideological Work Is an Essential Requirement for Consummating the Cause of Socialism." By doing so, they should actively contribute to consolidating the socialist revolutionary fortress and consummating the chuche socialist cause sooner.

People's Regime Hailed as 'Invincible Weapon'

SK1001013196 Pyongyang MINJU CHOSON in Korean 9 Dec 95 p 2

[Article by Sin Il: "Our People's Regime Has Been Strengthened as an Invincible Weapon Under the Leadership of the Party"]

[FBIS Translated Excerpt] Today, even under the difficult circumstances in which imperialists and reactionaries are intensifying their antisocialist maneuvers more than ever, our people's regime is fully displaying its might as a powerful weapon of the revolution and construction and is convincingly carrying out the cause of socialism. Our people's regime has been strengthened as an invincible weapon with which we can vigorously step up the struggle to protect and defend our own style of socialism centered on the people and to add luster to it. This is absolutely a product of the wise leadership of our party. [passage omitted]

The great leader Comrade Kim Chong-il, with his outstanding wisdom and scientific insight, put forward innovative ideas and theories on constructing the regime. Thus, the great leader Comrade Kim Chong-il illuminated a bright path to constructing the chuche-oriented regime and wisely led the task of consolidating and developing our people's regime according to the requirement for imbuing the society with the chuche idea. In particular, while a fierce struggle is waged on the planet in recent years over the question of whether it would be socialism or capitalism, the great leader Comrade Kim Chong-il has seen that the party's leadership over the people's regime is further strengthened, and that the people's regime consolidates itself and constantly enhances its function and role while resolutely smashing the schemes of all those class enemies who reject the socialist regime's unified guidance over the society [sahoejuuijonggwonui sahoee taehan tongilchokchidorul kobuhanun ongat kyegupchokwonsudului chaektongul tanhoi chitpusimyonso]. As a result, our people's regime has never faltered but today has been strengthened and developed into an invincible socialist regime vigorously carrying out the cause of socialism with the red flag of the revolution aloft, even amid the tragic situation in which socialist regimes have collapsed one after another in many countries.

The invincibleness of our people's regime which has been strengthened as firm as a rock under the leadership of the party is, above all, attributed to the fact that our people's regime is based on the great chuche idea.

A regime's might and vitality depend on a guiding ideology. This is because a guiding ideology is a fundamental element, which formulates a regime's character and mission, and the principle and way of its activities.

Only when it is based on a guiding ideology reflecting the demand of the era and the demand of the developing reality most correctly can a socialist regime defend its people-oriented working class nature and successfully build socialism and communism by implementing politics according the intrinsic demand of the socialist society. [passage omitted]

The invincibleness of our people's regime, which has been strengthened as firm as a rock under the leadership of the party, is attributed also to the fact that our people's regime is based on a most stable sociopolitical foundation.

A regime's existence and might depend on its sociopolitical foundation. Sociopolitical foundation is the root of a regime's establishment and activity. Economy and national defense are also an important precondition to a regime's establishment and activity. However, no matter how strong economy or defense capabilities may be, a regime cannot be vital and cannot continue to exist, if its sociopolitical foundation is not solid. The history in which working class regime is established shows as a lesson that a regime flourishes, if its sociopolitical foundation is solid, or collapses otherwise. [passage omitted]

All people have single-heartedly united around the leader [yongdoja] and the whole society has turned into a great family. Precisely being based on this most stable and vital sociopolitical foundation, our people's regime never falters but is convincingly advancing along the road of socialism adopted by itself, even in the midst of the antisocialist maneuvers of imperialists and reactionaries. [passage omitted]

Today, our people's regime is not just a power organ but is one that fulfills its mission as one speaking for the people's independent rights, as one mobilizing the people's creative capabilities and activities, as the head of a household responsible for the people's living, and as the defender of the people's interest. And the functionaries of the people's regime are devotedly serving the people as the servants of the people. [passage omitted]

The future of our people's regime, which holds the great leader Comrade Kim Chong-il in high esteem, is endlessly bright.

All functionaries and working people should step up the socialist construction and further expedite the victory of the cause of the chuche socialist revolution by constantly strengthening and developing our people's regime into a most stable and vital socialist regime by thoroughly embodying the great leader Comrade Kim Chong-il's chuche-oriented ideas and theories on constructing the regime.

Article Stresses Loyalty to Leader

SK1801103296 Pyongyang KCNA in English 0924 GMT 18 Jan 96

["Loyalty to the Leader Is Highest Sense of Revolutionary Obligation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The great leader Comrade Kim Chong-il in his famous work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries" put forward the idea that loyalty to the leader is the highest expression of the sense of revolutionary obligation. This great idea makes it possible to respect the leader and forerunners of the revolution with the noble moral viewpoint and to glorify the idea, cause and undying feats of the leader forever.

NODONG SINMUN says this in a signed article today.

The article quotes Comrade Kim Chong-il as saying:

"The highest representative of revolutionary seniors is the leader, and loyalty to the leader is the highest expression of the sense of revolutionary obligation."

The article goes on:

Infinite loyalty to the leader is the highest sense of revolutionary obligation firstly because he is the highest representative of revolutionary seniors.

The leader puts forward scientific revolutionary ideas, strategies and tactics, inspires the masses with revolutionary consciousness and organises them, guides the revolutionary struggle to victory, provides people with valuable socio-political integrity and teaches them how to lead honorable life on the road of revolution.

Under his leadership the socialist cause is pioneered and advanced victoriously. Thanks to his noble ideas and outstanding leadership, great revolutionary achievements are made, and the honour and dignity of the revolutionary generations are exalted.

Infinite loyalty to the lewder is the highest sense of revolutionary obligation secondly because it is the ideological and moral source for carrying to completion the revolutionary cause of the leader generation after generation.

Carrying forward the cause of independence for the popular masses, the cause of socialism, means none other than the continuation of the cause of the leader. Inheriting the ideas and achievements of the revolutionary predecessors means inheriting the leader's revolutionary ideas and the achievements made under his leadership.

Revolutionaries must resolutely defend the ideas and exploits of the leader and loyally carry forward his revolutionary cause. In particular, they should invariably remain loyal to the leader even after his death. That provides a sure guarantee for carrying to completion his revolutionary cause down through generations.

The noble obligation of revolutionaries should find an expression in their devoted struggle for defending the leader and frustrating the base counter-revolutionary manoeuvrings of the traitors to the revolution.

Comrade Kim Chong-il's idea that loyalty to the leader is the highest sense of revolutionary obligation is of great theoretical and practical importance in the revolutionary struggle of the working class because the idea indicates a way of training true communist revolutionaries and deals a telling blow at the imperialists and the renegade socialists who are engaged in slandering the leader and forerunners of the revolution and strangling their feats, adds the article.

'Fighting Spirit' of Seventh Regiment Highlighted

SK1801103496 Pyongyang KCNA in English 1013 GMT 18 Jan 96

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The devotedly fighting spirit, displayed by the Seventh Regiment of the Korean People's Revolutionary Army (KPRA) during the anti-Japanese armed struggle, has become a precious spirit and unshakable creed of the Korean revolution.

The Seventh Regiment was the main unit of the KPRA, which devotedly defended the headquarters of the revolution.

Its commander, O Chung-hup (28) was a revolutionary soldier intensely loyal to the great leader Comrade Kim Il-song and a competent commanding officer. He had always regarded it as his lifelong motto and unshakable principle to hold Comrade Kim Il-song in high esteem as the sun of the nation and safeguard him at the risk of his life.

Comrade Kim Il-song said:

"Comrade O Chung-hup was a soldier unfailingly loyal to the revolution. He, in the period of the arduous anti-Japanese armed struggle, defended the headquarters with his life, thinking of its safety first any time in any place, and devoted his all to the revolution."

O Chung-hup built up the Seventh Regiment to be a unit boundlessly loyal to Comrade Kim Il-song, and a unit with a strong combat power.

The combat capacity of the regiment was fully demonstrated in the 100 day "arduous march", a most rigorous trial, (from December 1938 to March 1939).

At that time the Japanese imperialists made a persistent attack with the mobilization of crack Armed Forces hundreds of thousands strong in an attempt to "wipe out" the main unit of the KPRA accompanying the headquarters.

Then, the Seventh Regiment under O Chung-hup's command devoted itself to defend the headquarters from the attack of the enemy's large unit. Disguising itself as the headquarters, the regiment waged bloody battles with the enemy and made an arduous march. When the enemy failed to pursue, the regiment went back to lure and beat the enemy.

Thus, the safety of the headquarters of the revolution with Comrade Kim Il-song was reliably ensured.

Inheriting this spirit displayed by the Seventh Regiment to defend the headquarters of the Korean revolution, the Korean people are remaining loyal to the idea and leadership of respected Comrade Kim Chong-il, the destiny of the nation and the top brain of the Korean revolution.

South Korea

KEDO Chairman Arrives To Discuss Expenses

SK1401104496 Seoul YONHAP in English 1039 GMT 14 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 14 (YONHAP) — Steven Bosworth, secretary-general of the Korean Peninsula Energy Development Organization (KEDO) arrived in Seoul Sunday. He is expected to call on a series of cabinet ministers including the Foreign, Unification and Finance and Economy Ministries to discuss the sharing of bills for KEDO, among its member countries, among others.

The top KEDO official's major business agenda during his stay in Seoul could be making a formal proposal to admit the European Union as a KEDO member in an effort to secure the fund for the supply of diesel being provided to North Korea, sources said.

The Korean Government, although not opposed to expanding the number of member countries of the KEDO, want to maintain the current decision-making set up for KEDO shared by South Korea, the United States and Japan. It is expected, also, to make clear its opposition to sharing the bills for diesel.

The KEDO head will call on the Korea Electric Power Corp.(KEPCO) officials to hold talks on signing a commercial contract between KEDO and the power company, the main contractor for the light-water nuclear reactors to be supplied to North Korea.

It will take about a year to conclude the contract between the KEPCO and the KEDO, and they signed a pre-service contract to allow for the time until the main contract is signed.

KEDO Survey Equipment Shipped to North Sites

SK1401073196 Seoul YONHAP in English 0723 GMT 14 Jan 96

[FBIS Transcribed Text] Pusan, Jan. 14 (YONHAP) — A number of locally-made equipment to be used for the survey of the sites of light-water nuclear power stations to be built in North Korea were shipped to Najin in North Korea Sunday, an official of the Light-Water Nuclear Reactor Construction Planning team said Sunday. The freighter left Pusan at 8 A.M. [2300 GMT 13 January] with the equipment.

The equipment, most of them survey equipment for the sites in Sinpo, North Korea, where the nuclear power stations are to be built, were loaded on board No.4 Yonyong-ho, a 1,042 ton container freighter belonging to the Dongyong Port Transport Co., a Korean- Chinese joint venture shipping firm. The freighter is scheduled to arrive in Najin Tuesday [16 January].

The equipment included three sets of seismological test equipment, a mud pump, and drilling equipment for tests to be conducted on earth in the sites, which were loaded into two 20-feet containers. The containers will be loaded into a trailer after arriving in Najin for trip to Sinpo.

They will be used by the KEDO [Korean Peninsula Energy Development Organziation] survey team for a month and returned to the South, the official said.

Japanese Envoy, Choe Discuss Reactor Funding

SK1401013096 Seoul THE KOREA TIMES in English 14 Jan 96 p 1

[By staff reporter Son Ki-yong]

[FBIS Transcribed Text] With the United States running short of funds to supply heavy oil to North Korea as an alternative energy source, visiting U.S. Deputy Assistant Secretary of State Thomas Hubbard is expected to indirectly press Seoul to come up with the money to do so, officials here said yesterday.

Japan is known to have been pressured by the United States to contribute to the heavy oil program. In particular, visiting Japanese Ambassador Tetsuya Endo expressed Tokyo's "grave concerns" on the shortage of money needed to provide North Korea with the oil, when he met Seoul officials.

They said that Washington had not yet officially asked Seoul to provide money for the supply of heavy oil. The government has already declared that it will not offer any money as it will bear the lion's share of the costs in the construction of the two light-water reactors [LWR] in North Korea.

According to the Geneva "agreed framework," the United States, as a representative of the Korean Peninsula Energy Development Organization (KEDO), is supposed to supply 500,000 tons of heavy oil to North Korea this year in return for the North's freeze of its nuclear programs.

Currently, the United States has set aside $19 million to spend on the shipment of oil to North Korea. Therefore, KEDO will have to raise the remaining $30 million through contributions from other countries.

Seoul and Tokyo hold the view that it is indispensable for the European Union (EU) to participate in the international consortium as a member, as the United States failed to set enough money aside to supply heavy oil to North Korea.

Choe Tong-chin, commissioner of the Office of Planning for the LWR Project, met Japanese Ambassador Endo yesterday to discuss KEDO's operation and heavy oil-related issues.

"Korea and Japan agreed to seek the EU's participation in the international consortium which is running short of funds to offer heavy oil to North Korea due to the U.S. budget impasse," an official at the planning office said.

However, he said, the EU has not decided on whether to join the international consortium.

Seoul officials still express reservations on the possibility that the EU will join KEDO as a member of the executive board, which now consists of South Korea, Japan and the United States.

"If the EU expresses its official position and sets the amount of its contribution to KEDO, the three countries will seriously consider whether to include the EU on the executive board," the official said.

Choe and Endo also exchanged views on how to effectively support the follow-up negotiations between KEDO and the Korea Electric Power Corporation (KEPCO), named as prime contractor of the multi-billion-dollar reactor project.

Before the signing of a commercial contract between KEDO and KEPCO, the two are supposed to sign a "pre-project service (PPS)" contract, and they have discussed how to support the negotiations, the official said.

Choe and Endo also pledged to cooperate closely to ensure smooth negotiations between KEDO and North Korea aimed at signing protocols designed to implement the supply agreement later this month.

The two sides will have to reach a six-point agreement on the legal status of KEDO workers, consular protection, the provision of services by North Korea, quality guarantees, and so forth.

Issuing Government Bonds for LWR Funds Studied

SK1801145196 Seoul MUNHWA ILBO in Korean 18 Jan 96 p 1

[Report by Pak Tae-hyon]

[FBIS Translated Text] The government plans to issue government bonds to raise the funds to support the Korean Peninsula Energy Development Organization's [KEDO] construction of light-water reactors [LWR] in North Korea.

An official of the Finance and Economy Board said on 18 January that, as the full-fledged support to North Korea for the LWR construction will start this year, the government has begun to study measures to raise the fund for supporting the reactor construction which will cost from $4 to $5 billion.

The official said: "In light of the ongoing negotiations, the ROK is likely to share $3 billion, three-fourths of the total expenses for the construction, which will come to 2.5 trillion to 3 trillion won in Korean currency." The official continued: "Although this is not an urgent burden because we will pay it over 10 years, the government is examining various measures to raise the fund, believing that it is time to seek realistic ways to raise the money."

The official said that the government is considering the use of South-North cooperation funds, the collection of taxes for this purpose, and the issuance of government bonds. He then said that, among these measures, issuing government bonds is believed to be the most realistic method because the amount of South-North cooperation funds under the control of the National Unification Board is merely 230 billion won and is of little help, and because drawing a new "unification tax" or the like may face the people's opposition since no national agreement has been reached on this.

With regard to the government bond issue, Hong Chong-chol, section chief of the National Treasury Department of the Finance and Economy Board, said: "As this year's budget has already been decided, it is necessary to arrange a revised supplementary budget in order to raise money to cover our share in the KEDO project within the year." He added: "In case government bonds are to be issued to raise the fund, they will be long-term bonds that are due in seven or 10 years. If the National Assembly approves it, there will be no difficulty in issuing those government bonds."

He continued to say that the KEDO-related long-term government bonds will be issued by an open tender and that the long-term government bonds, whose amount is expected to be 250 billion to 300 billion won yearly, are not likely to become pressure on the domestic bond market, where 80 trillion won worth of bonds, including company bonds, are issued a year.

Fourth KEDO Survey Team Arrives in DPRK

SK1801082696 Seoul YONHAP in English 0807 GMT 18 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 18 (YONHAP) — The fourth Korean Peninsula Energy Development Organization (KEDO) survey team arrived in Sinpo, South Hamgyong Province, North Korea Wednesday to join the third survey team, the light-water reactor planning office here reported Thursday.

Sinpo, which is located on the eastern coast, is where the North plans to build the light-water nuclear reactors that will be provided by KEDO.

Because the survey equipment shipped from Pusan to the port of Najin in the North last Sunday has not yet reached the survey site, however, the actual survey itself will not begin until Saturday or thereabouts, the office said.

The survey team is scheduled to conduct geological and seismic surveys of the site and produce a cadastral map, and will remain there until the middle of next month.

The survey team will also measure the depth of the sea off the Sinpo coast and assess the possible impact the planned atomic power plants could have on the environment, according to the office.

Editorial Demands Not Sharing Heavy Oil Costs

SK1701145996 Seoul KYONGHYANG SINMUN in Korean 17 Jan 96 p 3

[Editorial: "U.S. Attempt To Saddle Others With Expenses for North Korea"]

[FBIS Translated Text] We are very disappointed with the demand by Stephen Bosworth, executive director of the Korean Peninsula Energy Development Organization [KEDO], that the ROK and Japan share the cost of the heavy oil that the United States is supposed to provide to North Korea. During 16 January meetings with ranking officials of our government, such as the deputy pr me minister for unification and the foreign minister, he reportedly put forward the above demand and proposed the acceptance of the EU as a KEDO Executive Board member under the condition that the EU will share the heavy oil cost. Recognizing the U.S. position conveyed by Stephen Bosworth, we doubt whether the light-water reactor project will be implemented as originally planned.

When a rumor began circulating that the United States was trying to saddle the ROK and Japan with the cost of heavy oil it had promised to provide to North Korea, we did not believe that this was possible because the heavy oil cost was only $50 million, which is quite small compared to the burden already laid on the ROK and Japan in providing light-water reactors that cost over $4.5 billion. It is moral nonsense for the United States, which was in charge of negotiations with North Korea, to saddle others with even the cost of the heavy oil.

However, the United States is trying to ultimately impose the heavy oil cost on the ROK and Japan, saying there is no other way because the U.S. Congress cut the budget. We are even more disappointed with the so-called reason. It is incredible that the United States cannot implement an international commitment just because the Congress cut the budget. With such an attitude, how can the United States push ahead with the light-water reactor project to make North Korea abandon its nuclear development program? Cuts in government budgets do not occur only in the U.S. The ROK and Japan must also gain approval from their respective national assemblies for their budgets for the light-water reactor project.

We do not welcome the EU's participation on the KEDO Executive Board. We can say that KEDO is at the starting point of a long-term project that will last over 10 years. If KEDO undergoes confusion, such as a change in the structure of its Executive Board, from the beginning it will be difficult to expect that it will function properly in the future. The ROK, the United States, and Japan seem to be considering ways to include the EU on the KEDO Executive Board but to limit its decision-making rights. However, this cannot solve the problem because conflicts that would inevitably result from this could threaten KEDO's future.

What is important is our government's firm position. The government should be aware that the provision of heavy oil to North Korea is the U.S. side's obligation under the Geneva agreement between the United States and North Korea. It is our opinion that we should not make any concessions, at least not in this matter.

U.S. Urged To Assume Attitude of Great Power

SK1801105096 Seoul MUNHWA ILBO in Korean 17 Jan 96 p 7

[Editorial: "The United States Is Urged To Assume an Attitude Worthy of a Great Power"]

[FBIS Translated Text] The current U.S. attitude toward the ROK does not appear to be worthy of a great power. The United States is making moves to handle pending issues on the Korean peninsula in its own way by using its current position as the only super power in the world.

The United States has put roundabout pressure on the ROK to make us provide additional rice aid to North Korea since late last year, with no regard to our situation. This makes the ROK's position difficult. We provided 150,000 tonnes of rice to North Korea on a humanitarian level last summer, but the North Korean authorities reacted to it with the repeated slandering of South Korea, the sending of spies, and the refusal to recognize South Korea. Under this situation, the government's provision of additional rice aid to North Korea does not coincide with the people's sentiment even though it is an act to help the starving North Korean compatriots.

Now, the United States is also trying to saddle the ROK and Japan with the cost of heavy oil to be provided to North Korea which the United States is supposed to pay, thus causing an argument. The ROK and Japan have already promised to bear most of the expenses for the construction of light-water reactors in North Korea which is estimated at $4.5 billion or more.

As agreed upon in the Geneva agreement signed in October 1994, the United States is obliged to supply North Korea with heavy oil as alternative energy until 2002, when the first 1,000-megawatt light- water reactor will be completed, and is supposed to bear the total expenses. According to this agreement, the United States paid the entire costs of 5,000 tonnes of heavy oil provided in 1994, and 150,000 tonnes provided in 1995.

However, as the U.S. Congress approved only $19 million out of $50 million required for providing the committed 500,000 tonnes of heavy oil to North Korea, the Washington government demanded that the ROK and Japan share the deficit. The United States has made the compromise suggestion, as an alternative measure, that the EU participate in the Korean Peninsula Energy Development Organization [KEDO] as an Executive Board member and share the heavy oil cost.

However, the ROK adheres to its position that it "cannot accept" the U.S. demand, reminding of the additional burden of $500 million for constructing auxiliary facilities which was laid on the ROK on 15 December 1995 when KEDO and North Korea agreed to conclude a contract for supplying light-water reactors. The ROK is also opposed to the U.S. proposal for EU's participation on the KEDO Executive Board because, in case EU has the same decision-making rights with those given to the existing Executive Board members — the ROK, the United States, and Japan — the ROK's right to speak in KEDO would weaken.

The ROK's position is natural. The United States should be aware that it is expected to faithfully implement the Geneva agreement as a great power in accordance with the international efforts for the nonproliferation of nuclear weapons. The government should seek ways to narrow the gap in the opinion through the forthcoming ROK- U.S.-Japan high-level policy meeting to be held in Hawaii on 24 and 25 January so as to induce North Korea to change its attitude.

Editorial Views 'Humiliating' SOFA Situation

SK1301053096 Seoul HANGYORE SINMUN in Korean 12 Jan 96 p 3

[Editorial: "U.S. Soldiers' Crimes Rampant in Immunity Zone"]

[FBIS Translated Text] The unequal ROK-U.S. Status-of-Forces Agreement [SOFA] has long been standing on the judgment stand. However, the current status of SOFA is illustrated well with the case of Yi Yong-chik, who dwells in a tent on a street of Tongduchon where he has been protesting against U.S. soldiers' crimes for 10 days in subzero temperatures. Upon hearing about Yi's woeful situation, the residents of Tongduchon have voluntarily begun a signature movement, and more than 10,000 signatures have been collected up to now. This plainly shows the great indignation of residents who have suffered from large or small crimes committed by U.S. soldiers daily. However, the incident does not concern the indignation of Tongduchon residents alone. From a broader viewpoint, it is an act that violently infringes upon the ROK people's dignity and the position of an independent country.

While angered over the fact that Yi received a pelting rain of kicks and blows from U.S. soldiers because he flared up upon witnessing the soldiers harass the wife of one of them, the action taken by the U.S. military authorities following the incident angers us more, and is of more import. Crime and human trash exist wherever human beings live. Needless to say, however, just punishment must be given to crimes in accordance with the Civil or Criminal Proceedings Acts, so as to minimize crime and prevent similar crimes from being committed again. In Yi's case, the U.S. soldiers who appeared in our courts were released with a stay of execution, and our Justice Ministry's ruling that Yi should receive 81 million won [$100,000] in compensation was completely turned down by the U.S. Forces, who unilaterally decided that only 2,210,000 won [$2,700] compensation should be paid, and simply issued notification which said that "unless the compensation money is taken within a certain period of time, it will go to the national treasury." The U.S. military authorities' insincere and haughty attitude of completely disregarding the ROK Government's estimation of the amount of compensation, no matter how large or small, has amplified our indignation, and we are embarrassed afresh with the current SOFA terms where our Justice Ministry's ruling on compensation carries no legal binding force regarding the U.S. Forces in the ROK.

The task of revising this unequal and even humiliating agreement has yet to be implemented. Negotiations on SOFA revisions started late last year, and the third round of negotiations will be held in Seoul on 14 and 15 January. However, the prospective outcome for the negotiations is unclear. The sides began to hold negotiations to appease protesting residents whose feelings were irrevocably hurt. While the U.S. attitude in negotiations of not easily giving up its vested rights deserves public denunciation, our officials in charge of negotiations should also be denounced for their lack of competence in reflecting the public's sentiments effectively. We will watch, along with the people, developments in the negotiations on the SOFA revision and how the United States handles the widespread inhumane circumstances in Tongduchon.

Seoul Proposes Economic Dialogue With U.S.

SK1701031996 Seoul THE KOREA TIMES in English 17 Jan 96 p 9

[Article by reporter Yi Chang-sop]

[FBIS Transcribed Text] Seoul is awaiting an American response to its proposal of another bilateral channel to discuss and solve pending trade issues on a package basis, but analysts here said Washington is not so enthusiastic about adding another forum to those already in existence.

Deputy Finance and Economy Minister Sin Myong-ho made a formal proposal to the Clinton administration late last month to launch a dialogue channel. Due to the budget impasse and to heavy snow, Washington has not made an official response to the proposal, according to Hyon Chong-taek, a Ministry of Finance and Economy official.

He said the informal trade group is designed to identify simmering bilateral trade issues and solve them before they are brought to the surface in this politically sensitive year, a year when both countries hold crucial elections to pick the president and lawmakers.

It is believed this is the first time that Korea is initiating a dialogue channel with the United States. In the past, Seoul reluctantly accepted U.S. proposals to establish dialogue channels one by one. For example, the U.S. Treasury Department pushed, in 1989, Korea's Ministry of Finance into establishing a forum called Financial Policy Talks.

This time, Seoul officials are desperate not to make trade disputes become a burden on the ruling party ahead of the election, analysts here said.

An American government official in Seoul said there are many forums between Korea and the United States for discussing bilateral issues. "I suppose two heads are better than one," he said, indicating his personal endorsement of the establishment of different dialogue channels so that more people are put together on various issues to reach a resolution. However, he said he had not yet received formal guidelines from Washington.

The MOFE's proposal has drawn skeptical reactions domestically and externally. First of all, the other ministries, including the Ministry of Foreign Affairs and the Trade-Industry and Energy Ministry, suspect that the "super ministry," which was created in 1994 as a result of the merger of the Economic Planning Board and the Ministry of Finance, is seeking to monopolize trade issues, not decentralizing authority among different government agencies.

The MOFE's proposal came out after it had newly installed an "international cooperation office," which is in fact in charge of coordinating, adjusting and controlling divergent positions on specific trade issues among different government agencies.

Ahead of the crucial general elections in April, the MOFE wants to nip in the bud any potential trade disputes through informal dialogues with Korea's trade partners, including the United States, analysts here said.

Although Washington has yet to make an official response, many American government officials are not so "enthusiastic" over the creation of an MOFE-initiated informal trade group, they said.

Washington officials, in solving bilateral trade issues, have found that discussing so many issues through one channel has yielded no meaningful results. For example, the Economic Subcabinet Meeting, a high-ranking dialogue channel between the Foreign Ministry and the State Department, has made little progress as both sides discuss so many issues in one to two days.

Washington is also said to be reluctant to the creation of another trade group because the federal government is facing budget constraints, analysts said. Frankly speaking, U.S. officials have little money to travel frequently, they said quoting an American official. They speculate that this year, Washington might push for an issue-oriented approach instead of creating new dialogue channels.

Blackmarketing of U.S. Post Exchange Goods Noted

SK1801031896 Seoul KBS-1 Television Network in Korean 1219 GMT 17 Jan 96

[Report by reporter Yon Ki-son: "On-the-Spot Tracking"]

[FBIS Translated Text] Post exchange [PX] goods that should be sold only within the compound of the U.S. Forces Korea [USFK] are making their way into the local market, being sold in large quantities. A considerable number of Korean wives of USFK soldiers are involved in the illegal distribution of PX goods. Reporter Yon Ki-son covered the story.

[Video shows an AAFES taxi carrying women departing Yongsan; the subtitle states the video was taken that afternoon in front of a U.S. Army compound near Samgakchi in Seoul] U.S. Army taxis carrying Korean women steal out of the U.S. Army compound and make their way to backstreets, one after another. When the trunk of the taxis are opened, a man waiting nearby hurriedly loads the boxes onto a hand cart and disappears. The boxes contain so-called PX goods that illegally flow from the U.S. Army compound. [video shows an AAFES taxi moving into a backstreet and stopping. Scene cuts to various shots of men and women unloading cases of beer and tonic from the trunk of AAFES taxis, including a case of Corona and a case of Bud Light. All taxi plate numbers are clearly visible.]

[Begin unidentified person recording; voice heard over video] These are cases of beer from the Eighth Army. [end recording]

While the cases of beer are handed to a middleman, a woman gets out of the taxi and watches the surrounding area. [video shows a woman standing by an AAFES taxi, watching the area while the cases of beer are unloaded from the trunk of the taxi]

[Begin unidentified middleman recording; voice heard over video] The two women are wives of U.S. soldiers. [end recording]

The middlemen, who impatiently wait for the next taxis, apparently watch for strangers. Within several minutes, dozens of vehicles come and go continuously.

[Begin unidentified middleman recording; voice heard over video] They come and go from morning till evening until the PX closes. [end recording]

When reporters rushed the scene where the alcoholic beverage trade is illegally transacted, the AAFES taxis race away. Other taxis that failed to escape are found to be carrying lots of PX goods. [video shows a taxi running away, its license plate number partially visible, then cuts to another AAFES taxi caught by a cameraman. Its license plate number is clearly visible. Cases of coke are found in the trunk of the taxi. Video cuts to scenes of KBS cameramen filming in the storehouse. Two women exit the storehouse, their heads bowed. Someone places his hand in front of the camera lens. A scuffle ensues between the KBS crew and one of the middlemen.]

I will open the door of the storehouse. The storehouse is filled with goods illegally flowing from the U.S. Army compound. This place is used as a storehouse by the middleman. Foreign brand name beer is stacked high in the storehouse. [video shows inside of the storehouse where boxes of various foreign brand name beer is stacked, including Corona, Budweiser brands, Michelob, Fosters, and others]

However, the beer has not been imported through legal channels. The cases of beer flowing this way are sold mostly to beer houses near university campuses, with no taxes being paid. The buyers prefer this method because its profit margin is much higher than beer imported through regular channels.

[Begin unidentified middleman recording; his face is not visible in the shot] The selling price to beer houses is 33,000 won [US$44] per case for regularly imported beer and 23,000 won [US$31] per case for blackmarketed beer. Because there is a difference of 10,000 won, it is natural that beer houses prefer blackmarketed beer. [end recording]

The illegal transaction of beer, which is committed in the heart of town in broad daylight, is the main culprit hampering normal transactions. This is KBS reporter Yon Ki-son reporting.

North Urged 'DPRK-U.S. Security Negotiations'

SK1501025696 Seoul TONG-A ILBO in Korean 15 Jan 96 p 1

[Report by Yi Chae-ho]

[FBIS Translated Text] It was learned on 13 January that as part of its efforts to hold direct dialogue with the United States to solve the Korean peninsula problem, North Korea advanced a new proposal to the United States toward the end of 1995 that "DPRK-U.S. security negotiations" be held. It was also learned that the United States is positively examining this proposal.

A diplomatic source in Washington said: After North Korea signed a light-water reactors agreement with the Korean Peninsula Energy Development Organization in December 1995, it is now positively seeking to hold a comprehensive security dialogue with the United States.

This source also said that North Korea had already notified the United States of the list of North Korean participants in the "DPRK- U.S. security negotiations," that the number of the participants is over 10, and that they include Song Ho-kyong, North Korean vice foreign minister and director of the Disarmament and Peace Institute, and Major Generals Kim Yong-chol and Kim Pyong-hong of the Ministry of the People's Armed Forces.

This source also said that at the "DPRK-U.S. security negotiations," North Korea wants to discuss the replacement of the Armistice Agreement with a DPRK-U.S. peace agreement; the relaxation of tension along the DMZ; the further relaxation of the U.S. economic sanctions against North Korea; and U.S. aid to North Korea.

This source also said: "The United States affirmatively responds to this proposal, in the belief that through the negotiations, it will be able to prevent any accidental crisis situation along the DMZ, establish a channel of military dialogue in preparations against North Korea's abrupt collapse, and openly discuss North Korea's exports of conventional weapons (Scud missiles)."

U.S., DPRK Agree 'in Principle' on Remains

SK1401104096 Seoul KBS-1 Radio Network in Korean 0900 GMT 14 Jan 96

[Report by correspondent So Yong-myong from Honolulu]

[FBIS Translated Text] At the official U.S.-North Korea talks being held in Hawaii to resume the repatriation of the bodies of U.S. soldiers, both sides agreed to form a joint excavation team to dig up the remains and agreed in principle on repatriating the remains as soon as possible.

The United States and North Korea held negotiations today for the third time, agreeing as such, but face difficulties because both sides failed to narrow their differences on the concrete conditions for repatriation, such as the issue of compensation.

In particular, the U.S. delegation was very composed, though the North Korean delegation was unable to conceal its stern expression. Thus, some feel that the brakes may have been applied to the North's conditions during the last stage of negotiations. The two sides did not reach complete agreement on resuming the repatriation of the bodies of U.S. soldiers, reaching agreement only on holding contacts again to discuss this matter.

U.S. Korean War POW's Said Living in DPRK

SK1501010996 Seoul YONHAP in English 0052 GMT 15 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 15 (YONHAP) — Some American servicemen missing since the Korean war are reportedly still living in North Korea.

These are U.S. prisoners of war who refused repatriation after the Korean war ended in 1953, a South Korean Government official said Monday.

Most of them have settled in the North after marrying Korean women and are now teaching English, the official said.

"Two American soldiers, who apparently fought in the Korean war, acted in a North Korean film called "Wolmi-do Island," produced by the North's Feb. 8 movie production in 1982."

The U.S.-North Korea talks on the repatriation of the remains of missing American servicemen that opened in Honolulu, Hawaii, last Thursday have reportedly ruptured.

The official hinted that it is unlikely that these American soldiers are being kept against their will. "If that were the case, they would have certainly used that as a bargaining chip in their negotiations with the United States by now, in light of the fact that they have used even the remains of soldiers killed in action as a card."

A number of American POW's from the Korean war have sought asylum in the former Soviet Union, China and India. The possibility has also been raised several times in the past that some of them are alive in North Korea.

There were more than 2,000 American servicemen reported missing in action during the Korean war, but the number of those still living in the North has not yet been verified.

U.S. Confirms POW's in DPRK

SK1501024596 Seoul CHOSON ILBO in Korean 15 Jan 96 p 1

[Report by Ku Song-chae]

[FBIS Translated Text] It was learned on 14 January that the United States confirmed that some U.S. soldiers missing during the Korean war are alive in North Korea and that it had been holding negotiations with North Korea for their repatriation. ROK Government sources said: "The United States and North Korea adopted not only the remains of U.S. soldiers killed during the Korean war but the repatriation of live U.S. prisoners of war in North Korea as important agenda items for the ongoing U.S.-North Korea military contact in Hawaii." They also said: "This means that the United States has confirmed that some U.S. soldiers are still alive 40 years after the Korean war ended."

In connection with this, the sources also said: "The number of confirmed live U.S. prisoners of war is not big." And they added: "The United States seems to have confirmed the identity of some of them." The number of live U.S. prisoners of war is reportedly around 10.

There were 14 camps for U.S. prisoners of war in North Korea, and the U.S. Government estimates that the number of U.S. soldiers missing in action is 8,000, at most.

The sources also said: "The live U.S. soldiers are not able to contact ordinary North Korean residents." In this way, they hinted at the possibility that they are detained and secluded by North Korean authorities.

In connection with the repatriation of U.S. prisoners of war in the U.S.-North Korea consultation, North Korea reportedly requested that the United States and North Korea take an "intermediate measure [chungganjok chochi]" before signing a peace agreement without the participation of the ROK.

Meantime, in the Hawaii negotiations, the United States and North Korea reportedly have agreed to jointly carry out the work of digging up the U.S. remains. And, an ROK Government official said: "As of the afternoon of 14 January, the United States and North Korea have reached an agreement on the joint work."

U.S. Elections Said Behind Concessions to North

SK1701100096 Seoul TONG-A ILBO in Korean 16 Jan 96 p 3

[Editorial: "We Remain Alert To Direct North Korea-U.S. Negotiations"]

[FBIS Translated Text] The U.S. Defense Department announced on 15 January that the North Korea-U.S. negotiations in Hawaii on the return of the remains of U.S. soldiers ended in failure. It is fortunate that this failure has brought an end to our worries that not only the return of the remains of U.S. soldiers but political issues such as the signing of a North Korea-U.S. peace agreement may have been discussed secretly.

Still, we note the fact that the negotiations on the return of the remains of U.S. soldiers are not ordinary diplomatic negotiations but military negotiations and that the negotiations took place in Hawaii, not in Panmunjom. We also wonder about the future of the negotiations because even though the negotiations broke down, an unofficial North Korea-U.S. military channel will be maintained. And because of the opening of liaison offices, the turning of the military armistice system into a North Korea-U.S. peace agreement and other matters concerning the improvement of North Korea-U.S. relations may be discussed through this channel.

The United States has sought to improve North Korea-U.S. relations since 1993, when the North Korean nuclear problem surfaced.

The United States has negotiated with North Korea through diplomatic channels such as the North Korean Mission to the United Nations and still maintained a cooperative system with the ROK. And military issues have been discussed through the Military Armistice Commission [MAC] in Panmunjom. But this channel of North Korea-U.S. military dialogue was closed when North Korea declared its withdrawal from the MAC and requested direct dialogue with the U.S. forces, but not in their capacity as UN forces. The United States held military contacts with North Korea toward the end of 1994 when a U.S. helicopter landed in North Korea. At the time, the U.S. had no other choice to secure the release of the U.S. pilot. This does not mean that the United States acceded to the North Korean attempt to incapacitate the MAC.

Therefore, the latest North Korea-U.S. contacts are very symbolic in that the U.S. Defense Department invited the North Korean delegates to the contacts. Moreover, the contacts were held completely behind closed doors, to the exclusion of the ROK. This is why it is difficult for us to take at face value the U.S. Defense Department's announcement that only the return of the remains of U.S. soldiers was discussed in the negotiations. We hope the United States will once again make public the nature of its negotiations with North Korea and the details of the discussion and make clear whether there was any backstage agreement.

In particular, bent on solving the North Korean nuclear problem before the 1994 elections, the United States made too many concessions to North Korea, and therefore the Geneva agreement was criticized as a hastily-reached agreement. This placed a higher burden on the ROK. The United States will have a presidential election this year. And, at the outset of the New Year, it brought a North Korean military delegation to Hawaii with the purpose of improving relations with North Korea. This gives us the impression that the United States is using issues concerning North Korea politically. And North Korea is bent on "improving relations with the United States to the exclusion of the ROK" in a desperate effort to maintain the Kim Chong-il regime. This is why North Korea proposed "DPRK-U.S. security negotiations" to the United States toward the end of last year.

Countries concerned must know that if North Korea-U.S. contacts are pursued hastily due to the domestic situations in the United States and North Korea, this will greatly threaten stability in Northeast Asia.

Effect of POW Issue on U.S., North Ties Noted

SK1601120996 Seoul CHOSON ILBO in Korean 16 Jan 96 p 2

[Article by Ku Song-chae: "Surviving U.S. POW's in North Korea Are Emerging as a New Issue in North-South Relations and U.S.-North Korean Relations"]

[FBIS Translated Text] U.S. prisoners of war [POW's] from the Korean war surviving in North Korea are emerging as a new issue in U.S.-North Korean relations, as well as in North-South relations. The ROK Government has not officially recognized the existence of POW's in North Korea. Even the U.S. Government is publicly maintaining the same stance.

ROK Government sources, however, reveal a completely different story. Since any publicity on the issue will hamper negotiations, the issue has been handled as top secret. A POW issue is not supposed to exist until the safe return of the POW's. A source stated that there are approximately 50 U.S. POW's currently living in North Korea, and that both the U.S. Government and ROK military authorities know the fact.

The issue of the POW's was discussed during the U.S.-North Korean talks held in Hawaii on 13 January. However, the talks ended without success. Most people believe that the two sides agreed in principle concerning the repatriation of the POW's, and only disagree on compensation. Unlike the repatriation of remains, the repatriation of the POW's has considerable political significance. It is most likely that North Korea has asked for something more than financial compensation.

A relevant official of the Foreign Ministry stated on 15 January that the two sides generally agreed on procedures on the repatriation of remains and future cooperation, which was another item on the agenda of the Hawaii talks. This indicates that it was the POW issue that broke the U.S.-North Korean talks. North Korea has reportedly asked the United States to take initial steps to sign a peace agreement between the United States and North Korea.

The closing of the U.S.-North Korean military contact does not mean that discussions on the POW issue are over. Foreign Ministry officials stated that the United States will continue negotiations with North Korea in close consultation with the ROK, but no date has been set. It is most likely that the "second round of U.S.-North Korean military contacts" will be held in a different format in the United States or Panmunjom or North Korea.

When the United States improves relations with a hostile country, issues concerning POW's and the repatriation of remains are top priority. When the United States normalized relations with Vietnam, the two issues were top priority.

The same is true of Japan. In 1991 Japan raised the return of the Japanese woman Yi Un-hye as a condition for normalizing relations between Japan and North Korea. Yi's abduction was disclosed by Kim Hyon-hui, a terrorist who bombed a Korean Air passenger plane. Later at another meeting held in Beijing in November 1992, Japan made a concession that the Yi Un-hye issue may be handled as a separate issue, alarming the ROK Government.

North Korea is strengthening its diplomatic efforts to improve relations with the United States in order to stabilize the regime. In 1995 North Korea obtained rice aid from Japan by agitating Japan. In 1996 its rice aid strategy is aimed at the United States.

North Korea is expected to make the most out of the issue of the remains of U.S. soldiers and the issue of

POW's. The question is what does North Korea want in return for the POWs. The nuclear issue earned it light-water reactors, heavy oil, and limited relaxation of trade sanctions.

The United States does not have anything else good to offer. North Korea has a different situation from Vietnam, which has opened up and started reform. North Korea is unstable, and the United States has to consider North-South relations.

The ROK Government finds it difficult to express a firm position because the POW issue is a "humanitarian issue." A Foreign Ministry official said that as of 15 January the ROK had yet to receive a briefing from the United States on the Hawaii meeting. As the ROK-Japan alliance was useless in the case of Japan's rice aid to North Korea, the ROK-U.S. alliance is not germane to "humanitarian issues."

DPRK Suspends Winter Military Training

SK1401053996 Seoul CHUNGANG ILBO in Korean 14 Jan 96 p 2

[Report by Kim Min-sok]

[FBIS Translated Text] Since the beginning of the new year, North Korea abruptly suspended the winter training it had conducted since November of last year. Thus, the ROK security authorities, including the military, are closely watching the North Korean moves by mobilizing an intelligence network on North Korea.

The Ministry of National Defense [MND] and the Joint Chiefs of Staff [JCS] made a provisional analysis that such a move by North Korea is related to the work of setting military discipline straight in order to liquidate corruption and irregularities prevailing within the military. The MND and JSC are carrying out an accurate analysis work with the cooperation of the U.S. Forces in Korea to decide on whether or not the movement has something to do with internal disturbances concerning the emergence of the Kim Chong-il system.

According to the MND on 13 January, until the end of last year, North Korea conducted more intensive winter training than other years. But North Korea practically suspended the training since the beginning of the new year.

A relevant MND official pointed out that "the number of North Korean fighters' sorties reached 300 to 400 a day up until the end of last year. However, after the New Year holidays, the number decreased to 100. Besides, the mobilization training of ground forces has been carried out to a minimum." A relevant JCS official stated that "at Kim Chong-il's order, the North Korean Army entered the first-stage phase period of straightening the military discipline for a month until 10 February after going through a preparatory period from 3 to 10 January. It is likely that during this period, the North Korean Army is conducting seven hours of moral education [chongsim kyoyuk] and one hour of self-criticism and self-evaluation each day, instead of military training." Every year the North Korean Army conducts the winter training from November to April of the following year with only two days of recess during the New Year holidays, resuming the training on 3 January. It was learned that the North Korean Army's 6th Corps was involved in irregularities in the course of securing money for independent operation of its units by earning foreign currency since the summer of last year. However, the 6th Corps' irregularities were exposed by the party's inspection authorities and an inspection team was dispatched to the corps. Core members of the corps were purged after resisting the inspection team. As a result, the corps units were finally dissolved. All this shows the seriousness of the irregularities in the North Korean Army.

Kim Il-song University Gives Capitalist Lectures

SK1801092296 Seoul HANGYORE SINMUN in Korean 17 Jan 96 p 1

[Report by Yi Pong-hyon]

[FBIS Translated Text] It has been learned that last year, North Korea conducted special lectures on the capitalism market economy for Kim Il-song University students by inviting economic experts from Japan as instructors.

Lectures have continued for three months in a bid to educate essential personnel that are to be posted in the Najin-Sonbong free economic and trade zone, and have reportedly been focused on working-level business management, with the instructors teaching the students on the economic situation in the ROK, the United States, and Japan.

According to the 17 January issue of the weekly HANGYORE 21, North Korea conducted a special lecture on "the structure of capitalist enterprises," "labor management theory," "trade practicum," and "financial banking theory and practice" for 100 students and teachers in the Economics Department of Kim Il-song University who are majoring in external economics, financial administration, and international finance for three months from May to August last year. Five professors from the Economics Department of Choson University in Tokyo, Japan, which is affiliated with the General Association of Korean Residents in Japan [Chongnyon], such as senior economics professor Yun Pil-sok, and four working-level officials handling financial and trade affairs at the Choun Credit Corporation and trade firms under Chongnyon were instructors. At the request of university authorities, the lecture excluded ideological elements, such as criticism of capitalism, and comprehensively dealt with capitalist-type business management, as well as working-level management technique including bookkeeping and accounting. It was learned that this special lecture, conducted for the first time in history at the highest elite educational institute in North Korea, was carried out according to the directive of Party Secretary Kim Chong-il, who is commanding the project concerning the Najin-Sonbong special economic zone at the fore.

DPRK Executes 70-80 'Antisocial Hooligans'

SK1701004796 Seoul CHUNGANG ILBO in Korean 16 Jan 96 p 2

[Report by Choe Won-ki]

[FBIS Translated Text] An ROK Government source stated on 15 January that since 25 November last year, North Korea had publicly executed 70 to 80 "antisocial hooligans," such as rice burglars, thus bolstering its politics of terror.

This source, which is well versed with North Korea, reported: "Toward the end of last November, Kim Chong-il issued special instructions ordering each province to execute at least five antisocial hooligans."

He added: "As a result, more than 70 smugglers, pilferers, rice burglars, and other criminals were publicly executed. As a result, an atmosphere of terror prevails."

North Korea carried out mass public executions nationwide for the first time when it executed landowners en masse in November 1954 during the transformation of rural areas to cooperative farms. As regards the method of mass executions, this source stated: "Just like in a kangaroo court, they gather thousands of people in open spaces or riversides; three judges read the charges; then the criminals are shot."

DPRK Missions Ordered To Fund Operations

SK1701091596 Seoul YONHAP in English 0831 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — The lack of foreign currency in North Korea has recently led the Pyongyang government to instruct its missions abroad to procure funding for mission operations on their own, a government official said Wednesday.

The North Korean Embassy in Beijing, therefore, is charging South Korean businessmen who wish to visit the North large fees for visa issuance, the official said. The North's Beijing Embassy also has been charging South Koreans a fee for the invitations they receive to visit the North, he said.

North Korean officials and soldiers have also been selling ancient artifacts and arranging meetings between South and North Korean businessmen in exchange for kickbacks from Seoul businessmen.

"We have information which suggests that employees of South Korean conglomerates have paid kickbacks ranging from hundreds of thousands of dollars to millions of dollars to North Korean officials between 1993 and 1995 during business trips to the North," he said.

"North Korea is also asking that South Korea pay for the expenses of North Koreans who take part in international seminars," he said.

"North Korea actually asked, through a Korean resident in the United States, that South Korea supply 50,000 dollars in aid to North Koreans who want to attend a seminar on economic cooperation between the United States, South Korea, and North Korea, which will be held in Atlanta next March," he said.

North Food Situation Said 'Harsh,' Not 'Acute'

SK1701113196 Seoul YONHAP in English 1121 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — It is true North Korea's food situation is harsh but not so acute as to lead to any outright collapse of the regime, a South Korean government official said Wednesday.

He said that the North Korean people have been accustomed to reduced food ration for long and, therefore, last year's crops would be enough to sustain up to nine months at the present ration level.

Besides, the official said, North Korea has a large food stockpile in an amount able to feed the North Koreans for another several months.

According to him, food production in North Korea amounted to 3,450,000 tons last year, 3,280,000 tons short of their normal need of 6,730,000 tons a year.

The figures may make the North's food situation look serious on the surface, he said, observing, however, that as North Korea has invented ways of their own to cope with their chronic food shortages, the current food problem won't lead to any crisis of the Pyongyang regime.

He said the North has been distributing 22-percent-reduced food ration since 1987 under the cloak of food conservation and encourages the people to take only two meals a day.

"Besides, the North has imported a considerable amount of food from abroad," he said. "All these mean that the actual food shortage facing the North is about 1,730,000 tons this year."

The official explained that if 1,650,000 tons were put aside out of last year's production of 3,450,000 tons for use as industrial material, livestock feeds and seeds, the remainder would feed the North Koreans for five and a half months.

But, if 490,000 tons only were set apart as seeds and natural attrition, the rest would keep the people rationed for upward nine months, the official said.

In addition, he said, North Korea is believed to have a food stockpile of more than 1,200,000 tons, which, together with the 1995 crops, will be enough to surmount the current food problem.

The official stressed that North Korea should address the food problem by releasing the stockpile instead of trying to seek a resolution by forcing the already starving people to withstand more hunger.

If only the North uses 3 to 8.5 percent of their annual military outlays totaling about 5,660 million dollars in importing corns, they would be able to stride over the food crisis completely, he said.

North Korea, he said, deliveratelv plays up their food problem by, for instance, taking visiting international survey teams only to those areas hardest hit by floods last summer such as Sinuiju and Kusong of North Pyong-an Province and the Unpa and Iksan counties of North Hwanghae Province.

The official said the North, in a sense, aggravates the situation by refusing to release the food stockpile apparently for its use in the national holiday season of Kim Chong-il and Kim Il-song birthdays (February 16 and April 15) and also on the likely festive occasion of Kim Chong-il's rise to state presidency.

The North's chronic food problem is attributable mostly to man- made blunders — insufficiency of fertilizer, farm chemicals and other faming mateirals, reduced will to work among farmers due to farmland nationalization, distribution of resources predominantly to the armed froces, and heavy-industry-first economic policy, the official added.

DPRK May Collapse 'Earlier Than Expected'

SK1801051196 Seoul CHOSON ILBO in Korean 18 Jan 96 p 5

[Telephone interview with Choe Chin-ho, South Korean ambassador to Zambia, in Lusaka, by reporter Ku Song-chae, who is in Seoul, on 17 January]

[FBIS Translated Excerpt] [Ku] How is the situation there?

[Kim] North Koreans are making threatening telephone calls. And, there is a possibility that North Korea may tap telephone lines to and from the embassy. Therefore, the atmosphere here is serious. Our embassy is deluged with telephone calls, and the persons who called say, "We will punish them [defectors] in the name of the people's committee." [passage omitted on how the embassy handled the defectors]

[Ku] How did you feel when you met and talked to the defectors Choe Su-pong and Cha Song-kun?

[Kim] They assumed an aboveboard attitude. In particular, Cha acted in an aboveboard manner, saying he defected because he yearned for the ROK. Considering their remarks, the North Korean situation is in a mess. North Korea may collapse earlier than expected.

Instructions to Embassies Against DPRK Activity

SK1701013496 Seoul KBS-1 Radio Network in Korean 1400 GMT 16 Jan 96

[FBIS Translated Text] The Ministry of Foreign Affairs has decided to prepare emergency measures to deal with the possible domino effect of defections by North Koreans following the defection of Choe Su-pong, wife of a North Korean diplomat in Zambia, and Yu Se-to, a North Korean agent.

On 16 January, the Ministry of Foreign Affairs issued instructions to its 13 diplomatic missions in Africa, including Zambia, and to the rest of its diplomatic missions throughout the world, including the PRC and East Europe, ordering them to develop emergency action plans in preparation for successive defections by North Koreans.

In particular, the Ministry of Foreign Affairs ordered its diplomatic missions to watch the North Korean diplomatic missions, believing Pyongyang may take steps to close many diplomatic missions in Africa or summon home employees from those missions.

Accordingly, the Ministry of Foreign Affairs has ordered its missions in those areas to establish an emergency support system so it can be immediately operated in case of emergency. This is centered on the diplomatic missions in Africa, such as Nigeria, the Republic of South Africa, and Egypt.

A relevant official of the Ministry of Foreign Affairs stated it is true that attempts by North Korean diplomats to defect to the ROK are frequent in third countries, such as Africa and the PRC. He also predicted that as a result of the defection of Choe Su-pong and Yu Se-to, the domino effect of defections by North Koreans will increase.

In addition, the Ministry of Foreign Affairs issued a special alert to its diplomatic missions to prepare for possible activity by North Korea to harm employees of ROK diplomatic missions, their families, and South Koreans living overseas, including their abduction.

North Upper Class Defections Expected To Grow

SK1601154296 Seoul HANGUK ILBO in Korean 16 Jan 96 p 11

[By reporter Ko Tae-song]

[FBIS Translated Text] After the defection of Mrs. Choe Su-pong, wife of Hyon Song-il, third secretary at the North Korean Embassy in Zambia, Mr. Yu Se-to, an agent who was carrying out activities in Zambia, also defected. Thus, claims that North Korea's system has reached a dangerous level are becoming persuasive.

Defections to the ROK by members of the so-called North Korean upper class — including Mrs. Choe who is believed to be the daughter-in-law of Hyon Chol-kyu, chief secretary of the South Hamgyong Provincial Party Committee; Kang Myong-to, son-in-law of Administration Council Premier Kang Song-san; Cho Myong-chol, son of Cho Chol-chun, former construction minister; Colonel Choe Chu-hwal; and Choe Se-ung, president of the European branch of Taesong General Bureau which is North Korea's largest trading company, and his family — reveal the reality of North Korea's ruling class, which is on shaky ground.

If it is as we understand it to be, Mr. Hyon Chol-kyu is the de facto person in charge of South Hamgyong Province in North Korea, which is through and through a system regarding the party as most superior. The defection of his daughter-in-law can be viewed as a warning that defections by North Korea's privileged class will increase in the future.

What all of them have in common is that they decided to defect out of despair at the North Korean system while living abroad. It seems that defections will continue, centering on people residing overseas.

North Korea is showing a very sensitive attitude toward Mrs. Choe's defection, claiming that she was kidnapped by the ROK side. We can view that showing such an attitude comes from worry that there may be more such defections. It seems that North Korea will provide thorough measures in the near future, such as verifying ideology and inspecting the lives of those serving at overseas diplomatic offices and trading companies.

A government official said on 15 January: "It is believed that Mrs. Choe's defection partly reveals North Korea's situation in which the people are suffering from a crisis in their system amid serious economic difficulties. In particular, it seems that the worse the economic situation becomes, the more such similar defections will be intensified."

This official also emphasized: "When considering North Korea's situation in which the difficulty of obtaining food has worsened due to a large-scale flood last summer, there is a high possibility that a large number of North Korean residents as well as the privileged class may escape North Korea. Therefore, the government must take measures regarding this matter as soon as possible."

A Foreign Ministry official said: "As a result of investigating Mrs. Choe's identity, it was learned that her husband, Hyon Song-il, is the son of Hyon Chol-kyu. However, Mrs. Choe has not revealed her identity in detail."

This official also said: "The motive for defection by Mrs. Choe and Mr. Yu have not been accurately revealed yet, but when viewing that both of them defected at the same time, we can see that it is related to North Korea's current situation."

Hyon Chol-kyu, Mrs. Choe's father-in-law, was born in Onsong, North Hamgyong Province in 1930. He graduated from the Mangyongdae School for the Bereaved Children of Revolutionaries. After studying at the Pravda College in Czechoslovakia, he became a member of the Workers Party of Korea Central Committee, which is the core of North Korea's power, in 1970. It was learned that from 1985 he has been serving as responsible secretary of the South Hamgyong Provincial Party Committee and chairman of the People's Committee.

Seoul Preparing for 'Influx' of DPRK Defectors

SK1701084796 Seoul MUNHWA ILBO in Korean 17 Jan 96 p 1

[Article by reporter Yi Pyong-chun]

[FBIS Translated Text] It was learned on 17 January that the government decided to formulate comprehensive measures on the assumption that the defections to the South by Mrs. Choe Su-pong, wife of a North Korean diplomat stationed in Zambia, and by Mr. Cha Song-kun, who is reported to be the son of a senior North Korean diplomat, herald an influx of defectors from North Korea.

A senior government official said: "Some 100 to 200 North Koreans have sounded out our response at our diplomatic missions abroad concerning their desires to receive political asylum in the ROK. The number of North Koreans making such inquiries has rapidly increased since the flooding in North Korea and the end of last year. The government intends to accept them if their humanitarian motives for defection are confirmed with the cooperation of the United Nations High Commissioner for Refugees [UNHCR]."

The government official said: "With the rapid increase in requests for political asylum by the upper hierarchy of North Korean society, including diplomats, third countries that are protecting those who have escaped the North are urging our government to take them as soon as possible."

The government official also said: "What stands out recently is that in addition to people from the lower parts of the North Korean hierarchy, such as the loggers in Siberia and the people who escaped starvation crossing the Sino-Korean border to China, those from the higher parts of the hierarchy, such as diplomats, students studying abroad, and staff members of business firms, are increasing. In particular, an increasing number of diplomats who enjoyed their freedom in the world outside North Korea are desperately trying not to return to North Korea. Therefore, our government should formulate comprehensive measures for those who wish to defect to the ROK."

In response to this, on 17 January Foreign Minister Kong No-myong issued urgent instructions to all the 141 ROK missions abroad, including 14 missions in Africa, telling them to prepare for the defection domino. Although the Foreign Ministry's position is to accept in principle all North Koreans' requests for defection, the Foreign Ministry is preparing comprehensive measures in case friction should occur in the course of processing the defections and to minimize complications in inter-Korean relations.

An official from the Foreign Ministry said: "When North Korean residents request asylum, we will involve the UNHCR, as we did in the case of Mrs. Choe and Mr. Cha, and undergo, preferably publicly, the procedure of confirming, according to international practice, that they are defecting of their own free will." In the meantime, the government has decided to hasten augmenting the Law on the Protection of Defecting North Korean Compatriots in preparation for a rapid increase in the number of defectors.

In particular, the government has decided to stipulate in the law specific provisions on the treatment commensurate with the social standing of defectors, such as diplomats and loggers.

Reasons for Increase in DPRK Defectors Viewed

SK1801031696 Seoul TONG-A ILBO in Korean 17 Jan 96 p 3

[Editorial: "The Reason for the Increasing Number of Defectors]

[FBIS Translated Text] Mrs. Choe Su-pong, wife of a North Korean diplomat, and Mr. Yu Se-to, a taekwondo instructor as well as an agent, who had recently defected from Zambia, Africa, arrived in Seoul on 16 January. We welcome their safe arrival in Seoul and the start of their new lives.

Mrs. Choe is an elite who graduated from Kim Il-song University. It has been learned that her father-in-law is Hyon Chol-kyu, member of the Workers Party of Korea Central Committee, responsible secretary of the South Hamgyong Provincial Party Committee and chairman of the People's Committee. The motive of her defection will be revealed after the authorities' investigation. So far, it was learned that she left behind her family and she belongs to the upper class in North Korea's society. However, we believe that she may have defected because she became disillusioned with the oppressive system and skeptical of North Korean-style socialism. While she was under investigation by the Zambian Government, she revealed that she frequently had ideological disputes with the North Korean ambassador to Zambia and because of this she was abused by her husband.

Prior to Mrs. Choe's defection, Mr. Kang Myong-to, son-in-law of Administration Council Premier Kang Song-san; Mr. Cho Myong-chol, son of Cho Chol-chun, former construction minister; Mr. Choe Chu-hwal, colonel of the People's Army; and Choe Se-ung, president of the European branch of the Taesong General Bureau which is North Korea's largest trading company, and his family, also defected. This shows that North Korea's upper class is on shaky ground ideologically.

Prior to Mrs. Choe's defection, three North Koreans who escaped to Russia while working as lumbermen in Siberia, also defected and arrived in Seoul on 15 January. We have become less interested in the defection of DPRK lumbermen because it is a matter of frequent occurrence these days. Also, according to foreign news reports, an increasing number of North Koreans are escaping to China by crossing Amnok River and Tuman River. In a nutshell, such incidents make us believe that Kim Chong-il's system is in a crisis and at the same time there is a fatal weakness in its legitimacy.

Such phenomena resulted from the absence of a symbolic leader like Kim Il-song and from the unstable Kim Chong-il system which lacks legitimacy. In addition, other factors—the economic failure, serious famine, the sudden increase of public executions aimed at securing the regime, and the politics of terror suppressing human rights—also cause North Koreans to escape.

As long as the situation in North Korea is not stabilized, it is clear that defections to South Korea by North Koreans will continue. Because of this, first of all, the government must strictly set the standard by which North Koreans will be allowed to defect. This will be difficult from the perspective of fraternal love, but it will be troublesome if we allow North Korean criminals to defect. Before allowing North Koreans to defect, we must go through procedures of international laws so that there will be no difficulties internationally, and must work to protect our people traveling overseas. This is because if the defection is not appropriate from the perspective of international laws, it may bring about friction with North Korea. Thus, it is expected that there may be retaliation from North Korea with terrorist acts and abduction such as the kidnapping of the Reverend An Sung-un. We must also help the defectors to adjust themselves to and resettle in the South Korean society. Along with this, it is urgent to take measures for possible exodus by North Koreans in the future.

Editorial Urges 'Rational' Measures for Defectors

SK1801083796 Seoul CHOSON ILBO in Korean 18 Jan 96 p 3

[Editorial: "We Must Devise Measures for Defection"]

[FBIS Translated Text] The number of North Korean defectors is on the rise. People from the high echelons of power in North Korea, such as Choe Su-pong and Cha Song-kun, defect one after another. And, people defecting because of hunger and hardships are also on the rise. A total of 100 to 200 North Koreans reportedly have sounded out our response at our diplomatic missions abroad concerning their desires to seek asylum in the ROK. And, a foreign magazine has reported that 50 North Korean soldiers fled to China en masse after last year's flooding. We must see this development as a sign that a drain has begun in the high echelons of power in North Korea and that mechanisms that stop people from fleeing are not working. It is clear that North Korea will continuously reject reform and opening up and keep the lid on domestic dissent. Therefore, many more people will flee because of their disenchantment with the North Korean regime and hardships facing them.

Thus, we have no choice but to devise comprehensive measures to receive North Korean escapees. This is because, in case compatriots of ours want to defect to South Korea to escape death, we will not be able to reject or turn away from them. It is very difficult for us to selectively receive them because defections or escapes take place very suddenly. Therefore, we are compelled to establish the principle of accepting all of the escapees even though this may cause some problems. Still, it is important for us not to leave room for North Korea's hindrances or fault-finding by handing the matter with the cooperation of the UN High Commissioners for Refugees or third countries, as in the case of Choe Su-pong and Cha Song-kun.

What is more important than anything else is how to treat defectors after they arrive in the ROK. We can no longer carry out the current policy of giving them very large sums of money and continuously guarantee them comfortable lives. We must change this policy to ensure that defectors can lead lives independently. We may consider the plan to, if necessary, give them adjustment periods during which they can find jobs. It may be necessary for us to treat exiles and escapees separately. We must also take special precautions against the possibility that North Korean agents in disguise may defect and cause disturbances in our society. It has once been reported North Korean agents come to the ROK in the company of Korean compatriots living in China, disguising themselves as Korean compatriots.

Paradoxically speaking, we may view that the fact that North Koreans defect en masse is an indication that the day when the defection problem will disappear is getting closer. While examining changes in North-South Korea relations, we must implement rational measures for defectors for the present and the future.

North Diplomat's Wife Given to Zambia Authorities

SK1301054396 Seoul YONHAP in English 0515 GMT 13 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 13 (YONHAP) — The wife of a North Korean diplomat working in Zambia, who sought political asylum last Sunday at the South Korean Embassy in Lusaka, was handed over Thursday to the Zambian authorities, a Foreign Ministry spokesman said Saturday.

The spokesman said that the Seoul government agreed to hand 36-year-old Choe Su-pong, wife of North

Korean third secretary Hyon Song-il, over to Lusaka authorities to protect her safety.

"The North Korean Embassy in Lusaka has a much larger staff than the South Korean Embassy," he said, hinting that the North Koreans might decide to abduct Choe.

Dismissing the North Korean claim that Choe was abducted by South Koreans, the spokesman said that the Government of Zambia confirmed that Choe made the choice to defect to Seoul of her own free will.

"As far as I know, Choe expressed a desire to defect to Seoul for ideological reasons," he said. "She also expressed a longing for South Korean society."

He also said that the Governments of South Korea and Zambia will cooperate with the United Nations High Commissioner on Refugees (UNHCR) with procedures for granting Choe political refugee status.

"Choe's decision will be the single most important factor in determining whether or not she is granted political refugee status," he said, adding that "the South Korean Government believes in the sound judgement of the Zambian Government."

"It's up to the Government of Zambia to decide whether Choe should be granted political refugee status," he said.

The North Korean Embassy in Lusaka strongly protested when the Zambian Government took custody of Choe, insisting that she was kidnapped by South Korean agents, according to the spokesman.

The spokesman said that negotiations between the UNHCR and South Korean and Zambian officials are underway to resolve the Choe case, adding that his ministry is not in a position to elaborate for security reasons.

Zambia, formerly a communist state, has maintained friendly relations with North Korea, but now deals with both Koreas on equal footing, he said.

Second DPRK Defector in Zambia Arrives

SK1601100596 Seoul YONHAP in English
0948 GMT 16 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 16 (YONHAP) — A North Korean taekwon-do instructor who sought asylum in South Korea at the South Korean Embassy in Zambia last Wednesday, flew into Seoul Tuesday afternoon.

Yu Se-do, age 29, arrived at Kimpo Airport at 6:20 pm aboard a Korean Air (KAL) plane from London.

In a brief encounter with the press at the airport, Yu simply said "thank you" in smiles five to six times, declining to answer a barrage of questions. He was soon whisked away by security officers.

Earlier in the day, a North Korean woman was flown into Seoul after she wanted in Zambia to defect to South Korea. She was Mrs. Choe Su-bong, the wife of Third Secretary Hyon Song-il of the North Korean embassy in Zambia.

Son of 'High' DPRK Official

SK1601115396 Seoul YONHAP in English
1134 GMT 16 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 16 (YONHAP) — The North Korean taekwon-do expert who sought asylum at the South Korean Embassy in Zambia last Thursday and flew into Seoul Tuesday afternoon has turned out to be the son of a high North Korean official.

A government source said Tuesday Yu Se-do, 29, is the son of Yu Gwan-jin who once served as North Korean ambassador to Congo and is now chairman of the North Korean Taekwon-do Federation.

He said that Yu Se-do, who studied at Kim Il-song University, was one of North Korea's new-generation elites.

Yu was known to have served as a taekwon-do attache in Zambia as a means of earning foreign exchanges, the source said.

Noting that the North Korean Taekwon-do Federation had sent a large number of taekwon-do attaches to African countries to help the country earn foreign exchanges, the source said defector Yu was one of these taekwon-do attaches dispatched abroad that time.

Yu Gwan-jin, his father, worked as North Korean ambassador to Congo and the Central African Republic from June 1990 and has been chairman of the North Korean Taekwon-do Federation since February last year. [sentence as received]

Meanwhile, a government official said Third Secretary Hyon Song- il of the North Korean Embassy in Lusaka, Zambia, the husband of Mrs. Choe Su-bong who has defected to the South, unsuccessfully tried to defect to the West around the time his wife sought asylum in South Korea.

"Her husband tried to defect to the United Kingdom, but failed as some North Korean agents there sensed his attempt," the official said, adding he seems to have been arrested.

Taekwon-do instructor Yu's defection had nothing to do at all with the actions of the Hyon-Choe couple, the official said.

Defector's Real Name, Status

SK1701005696 Seoul YONHAP in English
0008 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — The North Korean taekwondo instructor who flew to Seoul Tuesday after being granted political asylum by South Korea has been identified as Cha Song-kun, son of a senior North Korean Foreign Ministry official, a Foreign Ministry official said Wednesday.

The South Korean authorities initially used the pseudonym, Yu Se- to, instead of his real name when referring to him for safety and security reasons, according to the official.

"Cha's father, Son-kwon, served as ambassador in Gabon from 1983 through 1989 and is currently the chief protocol officer at the Foreign Ministry," the official said.

North Defector Choe Attempted Suicide in Zambia

SK1701093996 Seoul YONHAP in English
0902 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — North Korean defector Choe Su-pong, who arrived in Seoul Tuesday, reportedly attempted suicide while working as a typist at Pyongyang's Embassy in Zambia, a ranking government official said Wednesday.

She tried to end her life because of ill-treatment she had received from her ambassador, her disillusion with her nation's regime and the strain of working at the embassy, he added.

Choe, wife of third secretary at the North's Embassy in Zambia Hyon Song-il, reported that she suffered unbearable insults from Ambassador Kim Ung-sang, who was stationed there last June.

Kim even slapped her cheek when she snubbed his instruction to clean the embassy, the official conveyed. Later, the ambassador harshly reprimanded Choe's husband about her behavior, eventually straining relations between the couple, Choe was quoted as saying.

Hence, the official cited, she tried to kill herself with sleeping pills. When her attempt failed, Choe, out of desperation, proceeded to seek political asylum in the South Korean Embassy there.

A daughter of former Vice President Choe Hung-su of North Korea's Academy of Sciences' Ferrous Metal Institute, Choe graduated from the literature department at Kim Il-song University with the highest honors, the official said. Her alma mater is considered the most prestigious educational institution in the North.

Choe, who began working at the embassy in November 1993, also enraged Ambassador Kim when she refused to write a new year's congratulatory message for North Korean de facto leader Kim Chong-il in December, the official cited.

He added that he confirmed that Choe's husband sought political asylum at the British Embassy in Zambia but was turned down.

Third North Korean Sought Asylum in Zambia

SK1701092896 Seoul YONHAP in English
0905 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — A North Korean visited the official residence of South Korean Ambassador Kim Chin-ho in Zambia Sunday to seek political asylum but left when a security guard there said Kim was absent, a Foreign Ministry official said Wednesday.

"The North Korean replied that he wanted to defect to South Korea" when the guard asked what brought him to the ambassador's home, the official quoted the Zambian guard as saying.

The guard added, "He, however, left when I said that Ambassador Kim was not in."

The Foreign Ministry has been unable to identify the man, the ministry official noted. He said, however, he could not rule out the possibility that the would-be defector could have been a North Korean agent inspecting the ambassador's residence under the pretext of political asylum.

Minister Thanks Zambia Regarding Defectors' Case

SK1701063996 Seoul YONHAP in English
0626 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — Foreign Minister Kong No-myong sent a message Wednesday to his Zambian counterpart to express thanks for the African state's cooperation in handing over two North Korean defectors to South Korea, a Foreign Ministry official said.

Minister Kong also sent cables to the ministry's overseas missions instructing them to take safety precautions to protect themselves against the possibility of North Korean retaliation for the recent defection of the two North Koreans, he said.

"The Government of Zambia has reinforced security measures for the South Korean Embassy in Lusaka after the defection of the two North Koreans," he said, adding that the North Korean Embassy has lodged strong opposition to sending the two North Koreans to Seoul.

The official said that the North Korean martial arts expert is not Yu Se-to, as was initially announced, but Cha Song-kun, 29.

His true identity was concealed until he safely arrived in Seoul late Tuesday, for security reasons the official said.

"I understand that Cha is probabaly far more important than Choe Su-pong, the wife of a North Korean diplomat who also defected in Lusaka, in terms of social status in the North," he said.

Although Cha is a taekwondo instructor in Lusaka, the official believed Cha must have been a North Korean intelligence officer assigned to the African state to gather information and conduct secret projects.

"Cha's father is the deputy minister in charge of protocol at the North Korean Foreign Ministry and one of his uncles is a four-star general in the North Korean Army," he said.

Cha's father also served as North Korea's ambassador to the African state of Gabon, he said.

"My understanding is that Cha's father used his influence to have his son sent to Lusaka in December 1994, as a taekwondo instructor because he sensed political and economic instability in North Korean after Kim Il-song's death," the official added.

He said that it's possible that many North Korean elites have sent their children abroad out of fear that the North Korean regime might suddenly collapse.

Regarding Choe, wife of the third secretary Hyon Sung-il of the North Korean Embassy in Lusaka, the official said that the ministry has yet to get information on her background. He, however, said that Choe is the daughter-in-law of Hyon Chol-kyu, chief of the North Korean Workers' Party in South Hamkyong Province.

Cha and Choe both graduated from the North's most prestigious elite education institution, the Kim Il-song University, the official said, adding that their defection is a reflection of the current situation in North Korea.

He said that his ministry was initially skeptical about Cha's real reason for defecting only four days after Choe, amid tight North Korean security measures in Lusaka.

"That's why we arranged separate flights to Seoul from London for the two defectors," he said, adding his government feared Cha might be an agent sent to harm or capture Choe.

Another question was why the North Korean Embassy in Lusaka failed to protest Cha's defection, he said.

Pyongyang's Lusaka mission lodged a strong protest with the Zambian Government in response to Choe's defection, and insisted that South Korean agents kidnapped her, according to the official.

"Preliminary investigations of the defectors, however, revealed that Choe's defection has nothing to do with Cha's, although Cha might have been influenced by Choe's defection," he said.

He ruled out the possibility of an extramarital relationship between Choe and Cha motivated the defections.

"We understand, however, that Cha and Choe's husband Hyon have close relations as is often the case among children of high-level officials in North Korea," he said.

Ministry: North Sends More Agents to Zambia

SK1801061396 Seoul YONHAP in English
0604 GMT 18 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 18 (YONHAP) — North Korea has recently sent security agents stationed in neighboring African states to Lusaka, Zambia, following the recent defection of two North Koreans, a Foreign Ministry official said Thursday.

The official also said that South Korean diplomats in Lusaka have been on high alert because North Koreans have intimidated South Korean diplomats since the defection of two North Koreans last week.

Communications between the Foreign Ministry and its mission in Lusaka were temporarily cut off Wednesday but were restored Thursday, he said.

The official suspected that North Koreans cut the telephone lines, although he could not confirm this.

Japan Vows To Consult Closely on DPRK Ties

SK1601122296 Seoul YONHAP in English
1213 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 (YONHAP) — New Japanese Foreign Minister Yukihiko Ikeda said Tuesday he would deal with the issue of resuming normalization talks with North Korea in close consultation with South Korea.

The new foreign minister made the remarks while meeting with South Korean Ambassador Kim Tae-chi during the latter's call on him at his Foreign Ministry office.

Ikeda also said that he believes South-North dialogue is highly important because the question of stability on the Korean Peninsula should be taken into account in any approach by Japan to North Korea.

Ambassador Kim said it is regrettable that North Korea has made no change at all in its intransigent attitude toward the South. He then emphasized the need to promote dialogue with North Korea.

DPRK Spies Said Posing as Koreans From China

SK1301042396 Seoul CHUNGANG ILBO in Korean 13 Jan 96 p 23

[Report by Chong Yong-paek from Pusan]

[FBIS Translated Text] The Pusan District Prosecution Office's Department of Violent Crimes suspects that five North Korean spies smuggled themselves into the ROK, together with other smugglers, by disguising themselves as Koreans residing in China, and are hiding in the ROK. The prosecutors have begun investigating the case. The prosecution office obtained this information through anonymous letters it received on three occasions in October and November of last year from Dalian, China, and began investigating.

The prosecution estimates that five of 87 people, who smuggled themselves into our country through the sea off Samchonpo and Koje in June and November of last year, may possibly be the spies. The letters containing this information pointed out that "according to sources on the spot in China, it is now very difficult for North Korea to send a spy to South Korea through the 38th Parallel. As such, North Korea sends spies through China by issuing identification cards as Korean residents in China or disguising them as crew members of Chinese boats by paying money, in order to smuggle them into the ROK."

The letters also identified five men, including Yi Kuk-tong (25) and Yi Chi-ok, as spies, and the prosecution office confirmed that the names of these five men were included in the list of 87 Korean residents in China who smuggled themselves into the ROK last year through the south coast.

Official: 10 More North Koreans Flee to PRC

SK1801044396 Seoul CHUNGANG ILBO in Korean 18 Jan 96 p 1

[Report by reporter Choe Won-ki]

[FBIS Translated Text] A government official revealed on 17 January that the number of people fleeing North Korea—including some 10 people from four families from Hoeryong, North Hamgyong Province, who recently fled to the PRC—is on the increase with each passing day. Quoting a PRC source, this official, who is well- versed in North Korean affairs, said: "The number of people fleeing North Korea is increasing, making it possible for them to cross the Tumen and Amnok Rivers which have frozen due to the cold weather which has dropped to 10 degrees below zero. Last week, some 10 people from four families from Hoeryong, North Hamgyong Province, collectively fled by crossing the Tumen River."

In connection with such incidents, this official explained: "Except for Pyongyang and some regions, food distribution has been suspended for several months in remote and secluded places in the mountains of North Hamgyong and Yanggang Provinces. Moreover, the public sentiment of North Koreans has recently been in an uproar over public executions and so on."

Ko Tae-u, head of the Research Department of the Institute of North Korean Affairs, stated: "There has been information that a total of 8,000 people fled from North Korea. With the increase in the food shortage, the number of those fleeing North Korea will increase greatly."

Defense Ministry Plans Russian Tank Battalion

SK1701151196 Seoul CHOSON ILBO in Korean 17 Jan 96 p 37

[Report by Yu Yong-won]

[FBIS Translated Text] The ROK Defense Ministry revealed on 16 January that six agents of the ROK Army will graduate from the Russian Bistrel Military Academy [name as transliterated] on 20 January. They are the first team the Defense Ministry sent to Russia to prepare for the arrival of the latest Russian T-80U tanks within this year, which will be the first battalion-size shipment of tanks to be sent by Russia as part of the reimbursement of the ROK's economic cooperation loan.

The training of the ROK agents was agreed at the ROK-Russia negotiations in 1995 on reimbursement with defense materials. The training period was 16 weeks. The founding members of the Russian tank team will test operate the Russian tanks and learn about the Russian tank technology in order to improve the ROK-style tanks.

In September 1995 the Defense Ministry announced its plan to introduce T-80U tanks for one battalion in the next few years, as part of Russia's reimbursement of the ROK using defense materials. The Defense Ministry plans to build a formal tank unit step-by-step.

The T-80U tank's main armament is 125 mm. It weighs 46 tonnes and has a maximum speed of 70 km per hour. The tank is superior to the T62 possessed by North

Korea, and the T72, which North Korea may purchase in the future.

Meetings Scheduled on Penetrating Foreign Markets

SK1801004796 Seoul THE KOREA TIMES in English 18 Jan 96 p 8

[FBIS Transcribed Text] A series of large-scale meetings are set for the beginning of the year to help Korean companies more effectively penetrate foreign markets in an effort to accelerate the globalization program.

According to the ministries of Trade, Industry and Energy [MOTIE] and Foreign Affairs, the first such meeting will be of officials based at overseas diplomatic missions Feb. 5-9.

Unlike in the past, these meetings will allow businessmen to air the problems they face as they seek to enter foreign markets and discuss possible solutions.

Later on, between Feb. 22 and Feb. 24, Korean commercial attaches in 30 countries around the world will gather in Seoul to divulge information on the latest changes in their respective markets.

They will meet with business people to learn about issues pending and devise plans to make effective entries into markets, MOTIE officials said.

At the same time, heads of trade offices in 64 of the 81 regions will converge in Seoul for two days beginning Feb. 22 with the aim of providing the necessary information to small companies seeking to move into foreign markets.

"The meetings, some of which will be held for the first time in decades, is designed to help all related parties address problems arising from the introduction of the World Trade Organization," one MOTIE official said.

The representatives of trade offices set up by the Korea Trade- Investment Promotion Agency [KOTRA] will hold their private meeting and then meet with companies to offer suggestions for success abroad.

KOTRA said the representatives will travel to 15 areas across the country after their first meeting in 21 years and meet with company officials.

"The main idea is to exchange ideas on market penetration while providing the latest information on such issues as Korea's membership in the Organization for Economic Cooperation and Development," another MOTIE official noted.

He said the two ministries are currently seeking to informing the business community of upcoming meetings so as to encourage their participation.

Dual Capital Requirement Affects Foreign Banks

SK1801010696 Seoul THE KOREA TIMES in English 18 Jan 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Seoul's adoption of a dual capital requirement standard which discriminates against foreign banks has emerged as one of the issues that may spark criticism from the United States, the European Union and other countries.

Expatriate bankers here said Korea is one of the few countries in the world which does not recognize the retained earnings of foreign banks as capital while the retained earnings of Korean banks are regarded as capital.

Washington is said to have begun a close scrutiny into this dual and discriminatory standard, which foreign bankers said is inconsistent with widely recognized and accepted international standards.

They noted that by controlling capital, Seoul is limiting the growth of international banks as all banking businesses such as lending, foreign currency business and payment guarantees are tied to the size of capital.

They said the Bank for International Settlements (BIS), the central bank among central banks in the world, sets the widely recognized and accepted standards for capital adequacy. The Bank of Korea quotes these standards when reporting on the capital adequacy of local banks. The BIS definition of Tier 1 or primary capital includes retained earnings as well as paid-in capital and legal reserves. If the Bank of Korea applies the BIS standards to local banks, it should apply the same standards to foreign banks, they said.

Korean regulators said they recognize the retained earnings of local banks as capital because the local banks cannot remit their retained earnings. This is not entirely correct. When local banks pay dividends, the dividends are paid from retained earnings. In theory, the local banks could distribute 100 percent of their retained earnings as dividends. Whether a bank remits its earnings or pays a dividend, the final result is the same. The retained earnings are reduced by the amount of the remittance or the dividend, according to many foreign bankers here.

It is important and necessary, they noted, for Korean regulators to ensure all banks are adequately capitalized. To do so, it should apply the BIS definitions and capital adequacy standards to all banks.

If a bank's primary capital (paid-in capital, legal reserves and retained earnings) falls below the pre-set minimum levels, the Bank of Korea has already the authority to control the amount of earnings remitted or dividends paid, they said.

The American Chamber of Commerce in Korea (AmCham) said the net effect of the international bank capital regulations is to severely restrict the market share of foreign banks. These regulations may affect the market share of non-bank foreign investors who must rely primarily upon international banks for funding when the Korean government, through window guidance, denies or limits access by these firms to local banks.,

Legal lending limits are a function of paid-in capital and legal reserves. International banks' total loans are generally related to total capital. Therefore, the amount which can be lent to the largest 30 and the largest five business groups is also indirectly related to capital since it is a function of a bank's total loans. The largest business groups and their related companies are known to be the most creditworthy borrowers, it said. The aforementioned capital controls clearly limit the volume of business which international banks can do with individual borrowers and with the larger and more creditworthy business groups, it said.

AmCham said that the Korean government may argue that a relaxation of the international bank capital controls will cause a destabilizing surge in the money supply.

There is no evidence, however, to support this. At the end of 1993, the aggregate paid-in capital of the 24 private local banks was 12 times that of the 22 foreign bank branches and the aggregate assets of the private sector local banks was 17 times larger than that of non-Korean banks, it said.

Trial of Ex-President No, 15 Others Resumes

SK1501020396 Seoul YONHAP in English 0136 GMT 15 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 15 (YONHAP) — The public trial of the bribery case involving former President No Tae-u resumed Monday morning in the Seoul District Court.

No is the first former head of state to ever to stand trial. The first session of the trial was held last Dec. 18.

The ex-president arrived at 9:26 AM [0026 GMT] aboard a prison bus from the Seoul Detention House which is located on the outskirts of southern Seoul, where he has been detained since last November.

Fourteen businessmen and former public officials charged with bribing No, or in some other way involved with the illicit fund, were arraigned at 10 AM in the same courtroom.

Judge Kim Yong-il presided over the trial, which is to determine whether or not No received 283.8 billion won from major business tycoons, including Samsung Group Chairman Yi Kon-hui.

He will cross-examine the witnesses until late afternoon. The third trial will be held on Jan. 29 for further questioning and rebuttals from the defense attorneys.

Other defendants include former Presidential Security Chief Yi Hyon-u: incumbent ruling party lawmaker Kum Chin-ho: former legislator Yi Won-choe: former Presidential Economy Secretary Kim Chong-in: former Presidential Security Force chief accountant Yi Tae-chin: Daewoo Business Group Chairman Kim U-chung: Hanbo Group Chairman Chong Tae-su: Dong-Ah Group Chairman Choe Won-sok: Jinro Group Chairman Chang Chin-ho: Daelim Group Chairman Yi Chun-yong: Dongbu Chairman Kim Chun-ki: Daeho Construction Company President Yi Kun: and Daewoo Corporation Chairman Yi Kyong-hun.

1979 Coup, 1980 Events Said 'Separate' Incidents

SK0701012896 Seoul THE KOREA TIMES in English 7 Jan 96 p 3

[FBIS Transcribed Text] Prosecutors, reinvestigating the 1979 military mutiny and 1980 sedition cases, have determined the two incidents are "separate," instead of a being part of the "chain of events leading to a premeditated coup" by the then military power group, sources at the Seoul District Prosecutor's Office [SDPO] said yesterday.

The SDPO's conclusion indicates that prosecutors have failed to uncover evidence that mutinous officers led by former presidents Chon Tu-hwan and No Tae-u had plotted to usurp power when they revolted against then martial law commander Chong Sung-hwa on Dec. 12, 1979.

In their reinvestigation into the coup case, prosecutors failed to obtain proof of the existence of a premeditated coup plot in December, 1979, the sources said.

It is a far-fetched theory that the rebel officers plotted to forcibly take over power just one month after the assassination of president Pak Chong-hui on Oct. 26, 1979, the sources said.

Accordingly, the prosecutors are expected to indict those involved in the mutiny and sedition on separate charges, contrary to its earlier move to prosecute all of them for sedition.

The prosecutors' tentative conclusion had it that the Dec. 12 mutiny was a plot by Chon Tu-hwan and his "Hanahoe" clan officers to get rid of then martial law commander Chong after learning of Chong's plan to remove Chon from the powerful post of chief of the Defense Security Command.

The rebel officers cooked up the plot to usurp power only after the Dec. 12 mutiny, according to results of the reinvestigation.

Given it was only in 1980 that the new power group conducted anti-riot drills and banned political activities the scheme to usurp power came to take concrete shape only in the later stages of the coup d'etat, the sources said.

With the conclusion, those, facing mutiny charges only, number 25 among the 78 figures earlier accused of mutiny and sedition.

Of them, 13, including Chon and No, have been accused of both mutiny and sedition, with 40 others expected to be charged for being accessories to the May 18 sedition.

Arrest Warrents Sought in 1979, 1980 Events

SK1701070396 Seoul YONHAP in English
0640 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — The Seoul district prosecutor's office sought arrest warrants Wednesday for five key players in the Dec. 12 and May 18 incidents.

The five are Yi Hak-pong, former chief of the Defense Security Command's Anti-Espionage Department; Chang Se-tong, former chief of the 30th brigade inside Kyongbok Palace; Choe Se-chang, former commander of the 3d Airborn Special Forces Brigade; Yu Hak-song, former assistant defense minister for logistics; and Hwang Yong-si, former army vice chief of staff.

The warrants were requested by the office's special investigation headquarters, which is digging into the 1979 army putsch and the 1980 military crackdown in Kwangju.

With regard to the Dec. 12 incident, the five are charged with plotting a military mutiny, making illegal military movements of advance-retreat, disengaging themselves from the area of martial law, and attempting to kill or killing superior officers.

For their roles in the brutal crackdown in Kwangju, they were charged with participating in the insurrection plot and assuming major posts in the rebellion.

Prosecutors said that they will also soon seek arrest warrants for three incumbent lawmakers — Ho Sam-su, Ho Hwa-pyong, and Chong Ho-yong — who played major roles in the two incidents.

Sources also said that Pak Chun-pyong and Kwon Chong-tal, who were also key figures involved in the two incidents, are likely to be arrested.

Chon Requests Ruling on Special Law's Legality

SK1701092396 Seoul YONHAP in English
0856 GMT 17 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 17 (YONHAP) — Former president Chon Tu-hwan, now in jail after being arrested on rebellion and bribery charges, asked the court Wednesday to examine the constitutionality of the May 18 special law which the incumbent National Assembly enacted to punish people involved in the Dec. 12 and May 18 incidents.

His lawyers filed the motion with the Criminal Division of the Seoul District Court shortly after the prosecution sought arrest warrants for five of his former aides, requesting that the court determine whether or not the special law violates the constitutional prohibition of retroactive legislation.

Earlier in the day the Seoul District Prosecutor's Office sought arrest warrants for five key players in the Dec. 12 military coup, including Chang Se-dong, former chief of the 30th unit of the Capital Garrison Command, and Yi Hak-bong, former chief of the Defense Security Command's anti-espionage department.

Chon and his followers are widely suspected of having seized power by way of the Dec. 12, 1979 military coup in 1979 and the May 18, 1980 suppression of pro-democracy protests in Kwangju.

Court Accepts Chon's Petition

SK1801034396 Seoul YONHAP in English
0307 GMT 18 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 18 (YONHAP) — The Seoul District Court accepted Thursday a petition former President Chon Tu-hwan and his five key followers filed to seek the Constitutional Court's ruling on whether the May 18 Special Law is constitutional.

Judge Kim Mun-kwan said that he found reasonableness in the petition in the cases of Chang Se-tong and Choe Se-chang since they were charged with military rebellion only in connection with the Dec. 12 incident, for which limitations of public action have already ran out.

He, however, approved arrests of three others prosecuted on insurrection charges in relation to the May 18 crackdown.

The court will reserve its decision on whether to issue warrants for the arrest of Chang and Choe until after the Constitutional Court has ruled on the constitutionality of the special law.

The May 18 Special Law, enacted last December, allows the prosecution and punishment of those involved in the Dec. 12 military coup and May 18 suppression of a pro-democratic uprising in Kwangju. It stipulates that the statute of limitations for those involved in a coup or insurrection does not include the period they were in power if it was the result of their illegal activities.

Chon, now in jail after being arrested on rebellion and bribery charges, and five of his followers asked the court Wednesday to rule on the constitutionality of the May 18 Special Law which was passed by the current National Assembly, shortly after the prosecution sought the arrest of the five defendants.

The three defendants for whom arrest warrants were approved are Yi Hak-pong, former chief of the Defense Security Command's Anti- Espionage Department: Yu Hak-song, former assistant defense minister for logistics: and Hwang Yong-si, former Army vice chief of staff.

Judge Kim, issuing the warrants, said that the statute of limitations on their insurrection charges has not yet expired even under the existing criminal code.

The prosecution arrested Yi, Yu and Hwang Thursday morning.

Judge Kim said, "The statute of limitations for those involved in the Dec. 12 military coup began Dec. 12, 1979, and the period of the statute of limitation for those involved in a military rebellion is 15 years. So it has already expired."

The prosecution said, however, that although the warrants for the two have not yet been issued, it may still charge them with insurrection and indict them Jan. 22 along with others involved in the incidents.

Meanwhile, the prosecution decided to seek arrest warrants for the incumbent lawmakers who allegedly led the insurrection, after the current special session of the National Assembly finishes.

The lawmakers are Ho Sam-su, former chief of personnel for the Defense Security Command which was headed by Chon, Ho Hwa-pyong, Chon's former chief secretary, Pak Chun-pyong, former commander of the 30th Division and Chong Ho-yong, former special warfare commander.

Civil Servants in Elections 'Must Resign' Posts

SK1101021996 Seoul YONHAP in English 0155 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — Government officials planning to run in the April general elections must resign from their public posts by Friday under current election laws.

The Central Election Management Commission said Thursday that the resignation deadline for officials of government agencies and government-funded companies planning to run in the upcoming general elections is Friday (Jan. 12), or 90 days prior to election day.

The election law further stipulates that civil servants planning to campaign for a candidate also resign by Friday.

Government officials nominated to represent a political party in the proportional representation elections, however, must resign by March 25, the commission said.

Parties Get Ready To Begin Election Campaign

SK1801101496 Seoul YONHAP in English 0740 GMT 18 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 18 (YONHAP) — With the 15th National Assembly election less than three months away, the ruling and opposition parties will partially lift the curtain on their election campaigns Friday.

Chairman Kim Yun-hwan of the ruling New Korea Party (NKP) will visit Taegu and North Kyongsang Province, while President Kim Chong- pil of the minor opposition United Liberal Democrats (ULD) plans to make a visit to Pusan and Kyonggi Province. Chairman Kim Won-ki of the other minor opposition Democratic Party (DP) will also visit North Cholla Province and President Kim Tae-chung of the major opposition National Congress for New Politics (NCNP) will make a visit to Taejon and Pusan.

NKP Chairman Kim will speak at a meeting of the NKP North Kyongsang chapter in Taegu Friday. Friday evening he will host a dinner for Taegu business leaders and civic leaders from Taegu and North Kyongsang Province at the Kumho Hotel.

The arrests of former Presidents Chon Tu-hwan and No Tae-u and the subsequent political misfortune of their followers has not only eroded the long-standing Taegu and North Kyongsang power base of Chon and No, but has also generated anti-Kim Yong-sam sentiment. Under the circumstances, Kim's visit to the area Friday appears to be part of an NKP plan to neutralize the anti-Kim

Yong-sam sentiment to improve the chances of NKP candidates in the April general elections.

On Saturday Kim will welcome several independent North Kyongsang Province councilmen into the fold at a NKP ceremony and will visit his Sonsan constituency.

NCNP President Kim's plan to visit Taejon, the ULD's power base, and Pusan, the NKP's power base, Friday is part of a strategy that is intended to garner political support in the two cities that are traditionally unfriendly to the NCNP.

Approximately 70 key members will accompany Kim to Taejon to attend an executive council meeting in an area that is part of the ULD's power base.

In Pusan, he will speak at a joint inaugural meeting of four NCNP district chapters, meet senior journalists and visit a rehabilitation center for the disabled.

DP leaders Kim Won-ki and Chang Ul-pyong will both speak at what they call "an explanatory meeting on the DP's election strategy" which will be held in Taegu Friday and Taejon Saturday.

Kim will visit his constituency in Chongup, North Cholla, Friday and come to Taejon for the explanatory meeting for DP district chapter heads Saturday.

Chang will be accompanied by DP leaders including Secretary- General Chae Chong-ku, floor leader Yi Chol, former Supreme Councilor No Mu-hyon, campaign planning chief Hong Ki-hun and Assemblyman Pak Kye-tong on his campaign swing through Taegu Friday, and will also speak about the party's election strategy at a meeting of DP district chapter heads.

DP advisor Yi Ki-taek will also visit Pusan when he returns from the Philippines Saturday, to meet with his Haeundae constituency.

ULD President Kim Chong-pil will speak at the inaugural meeting of his party's district chapter Friday in Puchon, Kyonggi Province to emphasize that the ULD is the only conservative party in the country.

On Saturday, he will fly to Pusan to attend a district chapter's inaugural meeting to seek support in an area that is traditionally part of the NKP's power base.

Military Officers Probed for 'Dubious Moves'

SK1801094096 Seoul CHOSON ILBO in Korean 18 Jan 96 p 47

[Article by reporter Kyong Yong-won]

[FBIS Translated Text] It has been learned belatedly that some 10 field grade and higher officers, including an active duty brigadier general who graduated from the Korean Military Academy, were secretly whisked away and investigated by the Defense Security Command [DSC] in connection with the alleged involvement in a coup attempt.

Upon investigation, the DSC found that the officers did not plot a coup but that they attempted to take measures on their own prompted by the sense of crisis that a North Korean invasion of the South was impending. Therefore, in August last year, the Defense Ministry discharged from active duty Army Brigadier General Yi [not further identified] (23d class of the Korean Military Academy) and Lieutenant Colonel Kim [not further identified], the key members of the group, and released the others with a warning.

According to military intelligence sources on 17 January, the group led by Brigadier General Yi and Lieutenant Colonel Kim formed a private organization in August last year called "Tamul Hakhoe" advocating the exaltation of national spirit, and some 10 lieutenant colonels and full colonels mostly from the Army and the Navy joined the organization. Upon receipt of the information that the group of military officers was making dubious moves by holding several meetings, the DSC whisked them off and investigated them.

This is the first time since the inauguration of the Kim Yong-sam government that the DSC has taken an active duty general to its premises and conducted an investigation. Also, the number involved in the investigation has been the largest.

It has been learned that Brigadier General Yi, retired; Lieutenant Colonel Kim, retired; and others held meetings on a number of occasions beginning early 1994 when they were in active duty stating, "There is an increasing possibility of a North Korean invasion of the South, but leftist forces are gaining strength in all strata of the South Korean society. Since the present government is not capable enough to cope with this situation, those who share the will to defend the country must prepare for a North Korean invasion of the South." Brigadier General Yi, retired, was an aide to the defense minister during the Sixth Republic.

Securities Investment Trust Market Opening Noted

SK1801022596 Seoul YONHAP in English 0138 GMT 18 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 18 (YONHAP) — With the securities investment trust market opening this month according to a restructuring plan announced last August, companies are scrambling to make inroads into the market.

Business analysts predicted Thursday that approximately 30 new securities investment firms would be doing business by the end of the year.

Large securities companies have already formed task forces to prepare for the establishment of subsidiary investment trust firms. Those affiliated with the nation's 10 largest business groups (Chaebols) are busy contacting smaller domestic brokerage houses and foreign financial companies to arrange joint securities investment ventures.

Negotiations with foreign investment firms are moving slowly, however, not only because it is difficult to agree on equity ratios, but also due to foreign investment regulations that will go into effect Dec. 1, 1996, according to the sources.

Daewoo Securities Co. plans a joint security investment venture with its subsidiary investment advisory house, a domestic securities company, a foreign securities company and a few domestic banks and insurance companies.

Ssangyong Investment and Securities Co. is now negotiating with a number of foreign securities companies to establish a joint-venture investment trust company, after failing to reach an accord with smaller domestic securities firms.

Securities houses affiliated with LG, Sunkyong, First, Tongyang, Hanjin, Hyundai and Samsung, have been contacting both domestic and foreign firms to find out about the possibility of establishing joint-venture investment trust companies.

Dongsuh Securities and Daishin Securities have already decided to reorganize and expand their subsidiary investment advisory firms to create full fledged investment trust companies, bypassing the need to seek outside investment, while Hanshin Securities plans a joint securities investment venture with Kwangju Bank.

Other securities companies planning to expand their investment trust operations by reorganizing existing subsidiary investment advisory firms into investment trust houses include Hanil, Chohung, Boram, Shinyoung, Dongbu, Shinhan and Korea Development.

The deregulation of the securities investment trust market is, therefore, expected to result in competition so heated that it might require the government's intervention, the sources said.

Agriculture Ministry Reveals Modernization Plans

SK1701031296 Seoul THE KOREA TIMES in English 17 Jan 96 p 8

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] Greater administrative support and financial assistance will be provided to farmers this year to help them develop updated farming technologies instrumental to raising the competitiveness of the agricultural industry.

The Ministry of Agriculture, Forestry and Fisheries will put top priority in this year's policy on modernizing the agricultural and fishing sectors.

In a New Year business briefing, the ministry revealed a package of steps designed to encourage development and fortify competitiveness of the agricultural and fishery areas.

Minister Kang Un-tae said that the ministry will focus efforts this year to this end so that relevant households and industries can compete with their counterparts in other nations, mostly developed ones.

One of the steps would be to develop state-of-the-art technologies in preparation for the coming 21st century and continue efforts to solve the problems faced with the concerned areas, by, for example, expanding financial assistance to them, according to Kang.

The ministry also plans to help the industries export agricultural and fishing products worth four billion dollars this year by establishing a comprehensive support system.

The promotion of exports of related products is important because it helps to find a way out of the difficulties farming and fishing sectors face, according to the ministry.

Minister Kang said that his will expand aid to the related export industries to.180 billion won this year from 100 billion won in 1995, while fortifying the foundation for the promising export items.

"A series of incentive systems will be conducted, and an organization solely in charge of promotion of trade of agricultural products will be set up to support the plan for the export promotion," he added.

Kang explained that the ministry will also extend assistance for the promotion of exhibitions of domestic agricultural and fishing products overseas, especially in Japan and other Southeast Asian nations, the most promising export markets.

"The minister's office will be open for collecting opinions from farmers and fishermen so that they can reveal their difficulties and make recommendations directly," Minister Kang said.

He said an 8.6 trillion won budget was earmarked for assisting farming and fishing fields, and it will be distributed to promising households and industries, including local government bodies.

He underlined that the ministry will consider introducing the direct payment system as allowed under the World Trade Organization (WTO) to farmers who are expected to be negatively affected by the opening of the domestic rice market.

"But our first and foremost policy will be focused on ensuring the foundation for rice self-sufficiency under any circumstances," he stressed.

The administration will concentrate efforts to guarantee adequate arable areas for rice, which has decreased by 47,000ha per year Kang said.

"The ministry will extend assistance to 10,000 large-scale rice growers every year with a view to expanding the number of "specialized" rice farming households with more than 5ha growing area to 100,000," he said.

This will be essential to guarantee the self-supply of rice and fortify the competitiveness of the agriculture in the face of the opening of the domestic market under the WTO system, he said.

To this end, efforts will also be concentrated on developing new kinds of rice with superior yield amount.

As for farming modernization and mechanization, the ministry will try to develop water supply and land rearrangement, in addition to providing related sectors with 228,000 units of agricultural machines.

In fishing areas, the ministry will stress helping the related domestic sector cope with the rapidly changing international trading climate of fishing products.

The ministry also plans to focus efforts on securing the basis for the stable supply of fishing products to meet domestic needs, as well as expanding the exports of goods.

To this end, the ministry will invest some five trillion won until the year 2004.

The money will mainly be used for the construction of infrastructure facilities in the fishing regions to help strengthen competitiveness and raise living standards.

Burma

MTA Source: Drug King Khun Sa Goes to Rangoon

BK1801092896 Hong Kong AFP in English 0847 GMT 18 Jan 96

[FBIS Transcribed Text] Bangkok, Jan 18 (AFP) — Khun Sa, the drug king of the Golden Triangle whose Mong Tai Army (MTA) has reportedly surrendered to the Burmese Government, is believed to have gone to Rangoon late last week, an MTA source said Thursday.

According to reports from MTA headquarters in Burma's eastern Shan State, Khun Sa went to Rangoon about a week after a surrender ceremony was held on January 7, the source said by telephone from the Thai province of Mae Hong Son.

The opium warlord headed an ethnic Shan independence movement funded by heroin trafficking for most of the last three decades, but either surrendered or cut a deal to secure a peaceful retirement earlier this month.

The source said that most of the MTA would retire and go home, but that a few thousand soldiers would stay armed as a para-military organisation loyal to Rangoon.

Karen Rebel Division Surrenders To Rangoon

BK1701112796 Bangkok THAILAND TIMES in English 17 Jan 96 p A 1

[Unattributed Report]

[FBIS Transcribed Text] Tak — Seven Karen National Union (KNU) officers surrendered and handed over their arms to the Burmese government after the KNU lost most of its strongholds and its troops faced several attacks, a Burmese officer said.

The 7th division of KNU soldiers led by Capt Bo Bo Hein on Monday surrendered its weapons to the Burmese junta at the U Aung Zi camp in Myawadi province.

The Burmese officer said all of the seven KNU officers who surrendered were taken to the 441st headquarters to be investigated before being sent to a Karen refugee camp in the Karen state town of Pa-an.

Bo Bo Hein said that after the seizure of KNU military bases, KNU leaders have escaped seeking shelter without the intention of restoring the strongholds.

"They care nothing about their subordinates, only their own safety," Bo Bo Hein said offering the reason for his surrender.

Bo Bo Hein added that the KNU has been facing many difficulties as well as suffering from several attacks by the Democratic Karen Buddhist Army (DKBA), which has been supported by the Burmese junta.

"The fact that the Brig Gen Hta Lue was killed by the DKBA shows that even the leader couldn't save his own life. We then agreed to give up," he said, referring to last Thursday's killing of the former KNU senior officer who was seeking shelter at a Thai refugee camp.

The DKBA is a breakaway group of the KNU who has been struggling for an independent state. The KNU troops fled in disarray last year after most of their strongholds were captured by the Burmese army.

The Burmese officer said the government has left the door open for KNU soldiers to give up without being hurt. Approximately 1,000 KNU soldiers have reportedly surrendered to the Burmese government already.

A KNU senior officer said he understood the 7th division officers' decision to surrender and has heard that many KNU soldiers have given up to the military regime, but not as many as the 1,000 the Burmese government claims.

The KNU has also urged the Thai government to provide firmer protection for KNU refugees taking shelter in Thai immigration centers, the KNU officer said.

Ethnic Shan Organizations Agree To Cooperate

BK1001040496 Bangkok THAILAND TIMES in English 10 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Chiang Mai — Two ethnic Shan organizations have agreed to cooperate with each other in their fight for independence from the Burmese junta and opium warlord Khun Sa's Mong Tai Army (MTA), according to a border source yesterday.

Maj Pong Thay Ving and Maj Kan Yod, of the Shan State National Army (SSNA), and Jaai Than Htay, of Shan State Progressive Party (SSPA) secretly met in Lasho, Shan State capital, to discuss their future armed struggle against Burmese rule and its local militia MTA, which officially surrendered to Rangoon on Monday at its stronghold Ho Mong.

The SSNA and SSPA were formed last year after several of disaffected followers deserted MTA after they alleged its leader Khun Sa had given favor to ethnic Chinese Haw rather than ethnic Shan, who formed the majority of Khun Sa's army.

Khun Sa, after striking a secret deal with the representatives of the State Law and Order Restoration Council — the ruling junta of Burma — last month, allowed the government troops to enter and to occupy Ho Mong early this month.

The SSNA and SSPA with their 5,000- and 3,000-strong troops respectively will be planning to recruit more than 10,000 Shan soldiers as the two groups reached agreement to cooperate.

In the meantime, Mae Ai district chief Worachai Uttamachai said Pang Ton Dua school which has been closed since Friday will be reopened as usual next Monday.

Worachai said evacuation drills for villagers living near the border will not be conducted since it will scare people and create confusions to the local people.

Students, Youth Conference Issues Statement

BK1201115096 (Internet) BurmaNet News in English 10 Jan 96

[Statement issued by the Students and Youth Conference of Burma in New Delhi on 8 January]

[FBIS Transcribed Text] 1. With an aim to upgrade the role of the students and youths and to establish solidarity among various forces that are struggling against the military dictatorship in Burma, "Students and Youth Conference of Burma" was convened from 7 to 8 January in New Delhi, India. The list of the organizations participated in the conference was as following.

(1) The All Burma Student's Democratic Front (ABSDF)

(2) The All Burma Students League (ABSL)
(3) Karen Youth Organization (KYO)
(4) All Arakan Students and Youth Congress (AASYC)
(5) Democratic Party for New Society (DPNS)
(6) Chin Students Union (CSU)

2. The conference is confident that, in order to solve the political problems of Burma by political means and achieve national reconciliation, a substantial political dialogue involving the leaders of the ethnic nationalities, democratic forces led by Daw Aung San Suu Kyi and the State Law and Order Restoration Council (SLORC) is the best way.

3. The conference reached to the consensus to

a) stand against the SLORC's National Convention and its consequences;

b) support the activities of the National League for Democracy led by Daw Aung San Suu Kyi;
c) destroy the economic and military elements of the SLORC;
d) promote the political awareness of he people concerning democracy and human rights for all the people and equal rights and self-determination for all the ethnic nationalities in Burma and
e) encourage the solidarity among all revolutionary forces by strengthening the unity and understanding among various ethnic students and youths.

4. Through these two-day long deliberations, the leaders of respective organizations unanimously agreed to establish "Students and Youth Congress of Burma", as an umbrella alliance, in order to fight for the restoration of democracy and human rights in Burma in the collective form. The Congress warmly welcomes all youth and student democratic forces of Burma who agree with its ideas and plans and want to join it.

5. We strongly demand the SLORC

1) to release student leader Ko Min Ko Naing and all political prisoners immediately and unconditionally;

2) to stop the ongoing National Convention which is illegal and illogical;
3) to set up the tripartite dialogue that is to be composed of the democratic forces led by Daw Aung San Suu Kyi, representatives of ethnic nationalities and
4) to declare the nation-wide cease-fire.

We urge the international community

(1) to withdraw or stop the various forms of aid which is directly or indirectly fuelling the SLORC's machinery and

(2) to impose practical and effective trade and arms embargo on SLORC military regime. Date: 8 January 1996 (Monday) Place: New Delhi, India

Nations Asked To Boycott SLORC

BK0801093596 (Internet) BurmaNet News in English 8 Jan 96

[Statement issued at the closing session of the Convention for the Restoration of Democracy in Burma held in New Delhi on 4-6 January]

[FBIS Transcribed Text] The international convention for the Restoration of Democracy meeting in New Delhi from 4-6 Jan, 1996 declare that :

— The total denial of democracy, fundamental rights and freedoms, and the will of people of Burma as expressed in the 1990 general elections,

— The continuation of an illegal military dictatorship and the expanding of domination of the military over all aspects of Burmese society,

— The lack of a comprehensive political solution to the civil war, and

— The continuing gross human rights violations against the people of Burma constitute a serious threat to regional and international security and stability.

I. Constitutional Issues:

The Convention believe

a) that a tripartite dialogue involving the Burmese democracy movement led by Daw Aung San Suu Kyi, the ethnic national and the military, is the best way to achieve national reconciliation and the restoration of democracy in Burma.

b) that the current National Convention to draft a new Constitution to legitimize military rule in Burma is an illegal and unrepresentative body with no mandate whatsoever from the people of Burma.

c) that a federal system of government is the best long-term solution to Burma's long running civil war.

The International Convention for the Restoration of Democracy in Burma, therefore, strongly supports the National League for Democracy's withdrawal from the sham National Convention in Rangoon, and urge all governments to not recognize any conclusions adopted by the National Convention.

II. Human Rights

The Convention strongly condemns the continued human rights abuses in Burma, including the free flow of information, forced labor, particularly of women and children, force conscription and violation of cultural and religious rights. We specially condemn the denial of labor rights and the violations of the rights of the women.

We demand of SLORC [State Law and Order Restoration Council] to immediately release all political prisoners.

Recognizing that thousands of Burmese are forced to leave their homes, we call for the recognition, support and protection for these refugees according to international established principles. This appeal is particularly directed to Burma's neighbors.

We call on the UNHCR [United Nations High Commission for Refugees] to exercise its mandate to protect and provide safe havens to refugees from Burma.

The international community must have access to Burmese refugees.

III. Constructive Engagement

Recognizing that the policy of constructive engagement in its various forms actually strengthen the SLORC and allows it to continue its repressive policies, the Convention call for

a) and need to all international investments and trade with Burma, [as received]

b) all supporters of freedom and democracy to boycott products of companies investing and trading with Burma,

c) a total boycott of "Visit Myanmar [Burma] Year 1996",

d) government and international financial institution to refrain from assisting the illegal military junta in Burma,

e) the world's largest democracy, the government of India should desist from cooperating with the military regime in Burma and respond positively to Aung San Suu Kyi's appeal to India to support the democracy movement.

IV. China-Burma Axis

The Convention calls upon countries in the region, particularly Indian to recognize that a democratic Burma with a strong civil society is the best means to ensure stability and guard against the possibility of the domination by regional super powers.

We are deeply disturbed by the threat to regional and international health and security represented by the rapid and uncontrolled spread of HIV/AIDS, heroin and opium from Burma, and we do not believe that any military regime can effectively implement policies to these problems.

In conclusion, the Convention calls on all governments and freedom loving people to find practical ways to support the Burmese democracy movement and help restore genuine democracy to Burma.

National Convention Plenary Session Resumes

BK0801161596 Rangoon TV Myanmar Network in Burmese 1330 GMT 8 Jan 96

[FBIS Translated Text] The plenary session of the National Convention reconvened at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, vice chairmen of the

NCCC, and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Dun, vice chairman of the NCCWC, and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee, and committee members; National Convention delegates; local and foreign journalists.

U Maung Gyi of the Union Pa-O National Organization acted as alternate chairman while Dr. Thaung Myint, a member of the NCCWC; U Lei Kwe Gin of the Shan State Kokang Democratic Party, U Kyi Nyunt of the national races delegates group, U Tin Maung Kyaw of the peasants delegates group, U Bo Myint of the workers delegates group, U Hla Myint of the intelligentsia and intellectuals delegates group, U Arnt Maung of the civil service personnel delegates group, and U Ko of the special invitees delegates group acted as members of the Panel of Chairmen. U Ko Ko Gyi, director of planning at the NCCWC Office, acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the session as 489 of 590 eligible delegates attended the meeting.

Next, the collective report of the panel of chairmen concerning the delegates' proposals to prescribe the detailed basic principles to organize the chapter on legislature that will be included in the formulation of the state constitution were presented. Alternate Chairman U Maung Gyi presented the Panel of Chairmen's report from page 1 to page 26 while Panel of Chairmen Member U Kyi Nyunt presented page 26 to page 53. The plenary session was temporarily adjourned at 1005. When the session resumed at 1020, Panel of Chairmen Member U Tin Maung Kyaw presented the report from page 53 to page 80 while Panel of Chairmen Member U Bo Myint reported page 80 to page 104. The meeting recessed at 1115.

When the afternoon session resumed at 1215, Panel of Chairmen Member U Hla Myint presented page 104 to page 129 while U Arnt Maung read from page 129 to page 154. The meeting took a short break at 1305. When the meeting resumed at 1335, Panel of Chairmen Member U Ko reported from page 155 to page 182 while another member, Dr. Thaung Myint, presented page 182 to page 212. The plenary session ended at 1435 after it was decided to hold the next session at 0900 tomorrow.

Plenary Session Continues 9 Jan

BK0901150896 Rangoon TV Myanmar Network in Burmese 1330 GMT 9 Jan 96

[FBIS Translated Text] The plenary session of the National Convention reconvened at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, vice chairmen of the NCCC, and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Dun, vice chairman of the NCCWC, and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee, and committee members; National Convention delegates; and local and foreign journalists.

U Kyi Nyunt of the national races delegates group acted as alternate chairman, while Dr. Thaung Myint, a member of the NCCWC, U Lei Kwe Gin of the Shan State Kokang Democratic Party, U Maung Gyi of the Union Pa-O National Organization, U Tin Maung Kyaw of the peasants delegates group, U Bo Myint of the workers delegates group, U Hla Myint of the intelligentsia and intellectuals delegates group, U Arnt Maung of the civil service personnel delegates group, and U Ko of the special invitees delegates group acted as members of the Panel of Chairmen. U Ko Ko Gyi, director of planning at the NCCWC Office, acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the session as 490 of 590 eligible delegates attended the meeting.

Presented next was the collective report of the panel of chairmen on the delegates' proposals to prescribe the detailed basic principles to organize the chapter on legislature that will be included in the formulation of the state constitution. Alternate Chairman U Kyi Nyunt presented the Panel of Chairmen's report from page 212 to page 241, while Panel of Chairmen Member U Tin Maung Kyaw's presentation was from page 241 to page 269. The plenary session was temporary adjourned at 1010. When the session resumed at 1025, Panel of Chairmen Member U Bo Myint presented the report from page 270 to page 294, while Panel of Chairmen Member U Hla Myint reported from page 295 to page 321. The meeting recessed at 1115.

When the afternoon session resumed at 1215, Panel of Chairmen Member U Arnt Maung made his presentation from page 321 to page 347, while U Ko read from page 347 to page 369. The meeting took a short break at 1305. When the meeting resumed at 1335, Panel of Chairmen Member Dr. Thaung Myint reported from page 369 to page 396, while another member U Maung Gyi's presentation was from page 396 to page 420. The plenary session ended at 1425 after deciding to hold the next session at 0900 tomorrow.

Brunei, Malaysia & Singapore

Malaysia

Mahathir, Keating Agree To Improve Economic Ties

BK1601113096 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Jan 96

[FBIS Transcribed Text] Australia and Malaysia have agreed to improve relations between both countries especially in economic and trade areas.

Prime Minister Datuk Sri Dr. Mahathir Mohamed said the one-hour meeting with his counterpart from Australia Paul Keating, touched on several areas in which both countries can contribute positively by working together.

He said Paul Keating has offered Malaysia training facilities, and also cooperation in research. Companies from both countries could also enhance cooperation in economic activities.

Speaking to reporters later, the secretary general of the foreign minister, Tan Sri Ahmad Kamil Jaafar, said the two countries will also cooperate in the telecommunication and banking industries.

Keating arrived in Malaysia yesterday for a three-day official visit aimed at strengthening bilateral ties.

Meanwhile, Keating described his talks with his Malaysian counterpart Dr. Mahathir, as a long talk which was very useful and fruitful. Speaking at a news conference, Keating said he very much enjoyed his visit, told Dr. Mahathir that he hoped to make another extensive trip to Malaysia. Keating had also extended an invitation to Dr. Mahathir to visit Australia.

MoU on International Boundary With Indonesia

BK0701095996 Kuala Lumpur SUNDAY STAR in English 7 Jan 96

[Report by A. Letchumanan — received via Internet]

FBIS Transcribed Text] Melaka — The survey and demarcation of the international land boundary between Malaysia and its neighbouring countries is expected to be completed by 2000, Land and Co-Operative Development Ministry secretary-general Dr. Nik Mohamed Zain Hik Yusof said yesterday.

"We have settled the demarcation of the boundary with Singapore, while the remaining 100km of the 670km border stretch with Thailand is being demarcated," he told reporters after the closing of the 21st Joint Malaysia-Indonesia Boundary Committee meeting here.

Dr. Nik Mohamed Zain said a total of 1071.92km of the international boundary had been surveyed and demarcated along Sabah and Sarawak East and West Kalimantan between September 10, 1975 and April 13, 1994.

"There is another 780km in the Sarawak-West Kalimantan sector which has yet to be demarcated and surveyed but we anticipate it to be completed by 2000," he said.

The joint annual meeting is held to review the progress of the joint demarcation and survey of international boundary between Malaysia and Indonesia.

The Malaysian delegation was led by Dr. Nik Mohamed Zain while the Indonesian delegation was led by Home Affairs Department secretary-general Major-General (Ret) H. Suryatna Subrata.

Dr. Nik Mohamed Zain said the joint survey teams had successfully demarcated and surveyed 139.4km of the international boundary in the Sarawak-West Kalimantan sector between July 22, 1994 and June 8, 1995.

He said a Memorandum of Understanding [MoU] known as the Melaka Memorandum of Understanding 1996 covering 42.4km of the Sabah-East Kalimantan and 32.14km of the Sarawak-West Kalimantan international boundary sectors had been signed.

Dr. Nik Mohamed Zain said the survey teams would jointly demarcate and survey about 145km in the Sarawak-West kalimantan sector this year.

Minister Receives Singapore Military Chief

BK1101150796 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 11 Jan 96

[FBIS Translated Text] Malaysia and Singapore have agreed that there is no need for the two countries to have an arms race. Defense Minister Syed Hamid Albar said that what ever notion formed by one side over the purchase of arms by the other should be wiped out.

This understanding was reached during talks between Syed Hamid and Major General Bey Soo Khiang, Singapore Chief of Defense Force, at the Ministry of Defense in Kuala Lumpur.

Maj. Gen. Bey is on a familiarization visit to Malaysia following his appointment to the current post. Included in his delegation are three senior officers of the Singapore Armed Forces.

Malaysia's move to acquire arms is not to strengthen military. In stead, it is just to add some modern equipment to existing ones. Although Singapore has taken the same step, it has cut down its defense spending.

Earlier, Maj. Gen. Bey called on the Malaysian Chief of Defense Forces, General Tan Sri Ismail Omar.

It has become a tradition for officials of the two neighboring countries to exchange visits regularly to further strengthen existing ties. Among other things, Gen. Maj. Bey and Gen. Ismail discussed about an exchange program for military training, and a defense forum.

Maj. Gen. Soo also inspected a parade mounted by the First Ceremonial Battalion of the Malay Regiment, comprising three officers and 103 men. The parade was under the command of Major Azuhar Shafie.

Arrangements To Join IFOR in Bosnia Finalized

BK0901070796 Kuala Lumpur THE STAR in English 9 Jan 96

[Unattributed Report - received via Internet]

[FBIS Transcribed Text] PETALING JAYA: The Armed Forces is finalising arrangements with Nato to join the new Implementation Force (Ifor) in Bosnia-Herzegovina, Defence Minister Datuk Syed Hamid Albar said yesterday.

Syed Hamid said Malaysia had agreed to commit 1,533 troops to the force.

"The situation, however, is still fragile and our troops will need to be able to react quickly as well as to get reinforcements fast," he told reporters at Subang Airport on his return from Europe.

On the allowance for the troops, Syed Hamid clarified that the pay scale would still follow the UN guidelines.

Earlier, Syed Hamid announced that the Gerak Pantas and Angkasaraya exercises were being held in Sabah and Sarawak.

The exercises, which started last Thursday, will end on Jan 18.

They are designed to test the capability of the Armed Forces in security-threatening situations.

Among the highlights of the exercises are massive air-drops on Kota Belud involving troops from the Rapid Deployment Force, and the use of MiG-29s in combat situations.

National Front Wins By-Election 'Uncontested'

BK1501102996 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 15 Jan 96

[FBIS Translated Text] National Front candidate Amihamzah Ahmad, 46, won the Lipis by-election uncontested after independent candidate K. Selvaraju, 36, withdrew from the contest. Selvaraju did so a minute before the nomination of candidates was closed at 1100 today. The decision was announced by Abdul Rahim Ma'in, officer in charge of the Lipis by-election.

Amihamzah Ahmad was accompanied by some 3,000 National Front supporters headed by the Pahang chief minister as chairman of the state National Front. Amihamzah Ahmad arrived at the nomination venue at 0945 along with Ong Kong Chiu who acted as a nominator, and S. Ramasamy, a supporter. He presented the nomination form at 0957.

Among ministers present were Education Minister Datuk Sri Najib Tun Razak, Defense Minister Datuk Hamid Albar, and Rural Development Minister Datuk Annuar Musa.

Selvaraju presented his nomination form at 1035, but he withdrew it at 1059.

The Lipis parliamentary seat has been vacant since the death of MP Datuk Abdul Dahari Othman on 29 December.

Singapore

Exchange of Ambassadors With Philippines Hailed

BK1601113396 Singapore Radio Corporation of Singapore in English 1000 GMT 16 Jan 96

[FBIS Transcribed Text] The Foreign Ministry says Singapore has agreed to the appointment of Mr. Alberto Encomienda as the next Philippine ambassador to Singapore, and the Philippines has agreed to the appointment of Simon Tensing de Cruz as the next Singapore ambassador to the Philippines. This follows the agreement last month between President Fidel Ramos and Prime Minister Goh Chok Tong that the two countries exchange ambassadors within three months.

The ministry says the exchange of ambassadors should contribute to the bilateral relationship and cooperation between the two countries and promote mutual understanding. The ambassadors will take up their posts soon.

The newly appointed Philippine ambassador to Singapore, Mr. Alberto Encomienda, says he considers his new appointment a great challenge. In an interview with News Five, Ambassador Encomienda said he felt honored to have been chosen by President Ramos at a crucial juncture in bilateral relations between Singapore and the Philippines. Mr. Encomienda said he expected to take up his post in Singapore by the middle of next month.

Cambodia

Rangsi Accuses Hun Sen of Plotting His Murder

BK1801101796 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18 Jan 96 pp 1, 8

[Report by Meanop]

[FBIS Translated Excerpt] On his return on 15 January from a long trip abroad to gather support for his political party, Sam Rangsi, chairman of the Khmer Nation Party [KNP] which the Royal Government regards as illegal, received a garland of shame from Phan Sina, who is ranked 10th in the 32-strong KNP Steering Committee. Phan Sina said he would quit the committee if Sam Rangi did not expel five of the newly-formed party's steering committee members who have been accused of carrying out divisive activities, creating a factional group, and striving to prevent the KNP from obtaining legal status. [passage omitted]

Sam Rangsi has not yet decided on Phan Sina's proposed resignation. However, at the 15 January news conference he said, "What the government fears most is legal opposition by the KNP. This is why it has declared us illegal."

Commenting on the KNP alliance with one of the six parties recognized by UNTAC [UN Transitional Authority in Cambodia], Sam Rangsi said, "We will join one of the six parties formed during the time of UNTAC. We are also in the process of negotiations with six other parties — two in France and four in the United States. He added, "We will use the logo the party used when it was formed and we will keep the name Khmer Nation Party and the KNP's political platform." [passage omitted]

At the news conference, Sam Rangsi also used strong words when he talked about his "future security" and his life. He vehemently said, "If I am assassinated, I can say that it is Second Prime Minister Samdech Hun Sen who ordered it. The killing will be supported by First Prime Minister Prince Krompreah Norodom Ranariddh and financed by Theng Bunma, chairman of the Thai Bunrong company." Sam Rangsi was, however, unable to provide any proof to back his allegation.

There has been no reaction yet from the prince first prime minister, the samdech second prime minister, and Oknha [royal title] Theng Bunma.

Some people have said that Sam Rangsi is playing a nasty political game. [passage omitted]

Action Vowed Against 'Subversive Activities'

BK0801060596 Phnom Penh THE CAMBODIA TIMES in English 31 Dec 95 -6 Jan 96

[Report by Ros Sokhet — received via Internet]

[FBIS Transcribed Text] Phnom Penh — Police have vowed to scrutinise terrorist activities in the captial city following the explosion of two bombs near a crowded market here.

"From now on, we will take strong measures to stop and prevent subversive activities in Phnom Penh," said chief of the capital's anti-crime police, Brigadier General Mok Chito.

He said anti-terrorist police will be deployed in the city to spy on suspected members of the Khmer Rouge.

"Our police will be in civilian wear... they will ride on motor bikes around Phnom Penh to conduct surveillance. If we suspect anyone of being involved in insurgent activities, we will arrest them immediately," Chito said. "We need to do this to ensure safety for Phnom Penh's residents."

On the morning of December 23, two bombs exploded near Doeum Kor market in the Tuol Kouk district, injuring two persons. Police suspect the bombings were the work of guerillas who are trying to create instability in the capital city.

Chito said those trying to stir political turmoil or commit political sabotage would be arrested. "We have several secret policemen working everywhere in the city... we've stepped up our surveillance," he said.

Two weeks ago, nine suspected Khmer Rouge members were arrested with five grenades for conspiring to conduct subversive activities in Phnom Penh. They are presently detained at the dilapidated T-3 prison where they would remain in custody until the courts complete investigation within six months.

Plans for Offensive Against Khmer Rouge Denied

BK0801060196 Phnom Penh THE CAMBODIA TIMES in English 31 Dec 95 -6 Jan 96

[Report by Ros Sokhet — received via Internet]

[FBIS Transcribed Text] Phnom Penh — A senior military official has refuted claims that the Royal Cambodian Armed Forces (RCAF) has drawn up plans to recapture the Khmer Rouge [KR] stronghold of Pailin following the dispatch of fresh troops to frontline positions around the area.

"We don't have any plans to launch any offensive on Pailin... we deployed our troops in the vicinity only to prevent any possible Khmer Rouge attacks on the Government frontline positions," said General Nhoek Bunchhai, deputy chief of general staff.

In the past two weeks, the Royal Government has sent some 1,300 troops to frontline positions in Treng commune, Battambang province where there is still sporadic fighting between Government forces and Khmer Rouge guerillas.

Bunchhay said that among the 1,300 troops, 800 were sent from Kompong Cham province and the remaining 500 from Prey Veng and Svay Rieng provinces to take up positions along Route 10 to halt any possible Khmer Rouge advance.

Treng is the closest and most strategic government outpost to Pailin on Route 10, about 35 km east of Pailin. In May and June this year, the guerillas controlled the commune twice before government forces re-captured Treng after fierce fighting.

"We have learnt that 800 Khmer Rouge guerillas are taking up positions around Pailin... we have to mobilize troops from the provinces to prevent any possible KR attacks," Bunchhay said.

The government troops are under the command of Colonel Mau Phirun, chief of the Kompong Cham military headquarters.

The Government frontline positions presently stretch about 15 km west from Treng and 20 km east from the Khmer Rouge nominal capital of Pailin.

Khmer Rouge Activities in Banteay Meanchey Noted

BK0601143496 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 6 Jan 96 pp 1, 2

[Report by Peyatro]

[FBIS Translated Text] A deputy commander of Banteay Meanchey Province's operational subzone was mysteriously murdered a few days ago. So far no sources have affirmed that this was carried out by the Khmer Rouge or by any other armed group.

A report from Banteay Meanchey Province says that Major Som Chin, deputy commander of Banteay Meanchey operational subzone, a former Khmer Rouge defector, was murdered when he was on a mission three kilometers southeast of Phnum Srok District; two of his colleagues were also abducted.

The source at the Banteay Meanchey operational subzone also says that this week Khmer Rouge rebels sent 80 men through an area six kilometers west of Kop Nimit commune toward the western border; these men clashed with [government] regular troops for 35 minutes. Our forces did not suffer any casualties.

Colonel Chum Sambat, spokesman of the Defense Ministry, told REAKSMEI KAMPUCHEA on 4 January that Khmer Rouge activities this week have increased compared to previous weeks.

The Khmer Rouge have intensified operations in the Banteay Meanchey area. Many shells fired from the Malai area fell around Poipet. Some five 120-mm shells landed about 7 kilometers south of Poipet, wounding 11 Cambodians and three Thais.

Khmer Rouge Destroys Two Bridges in Kratie

BK0601133096 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 6 Jan 96 pp 1,5

[Report by Kra. Cha.]

[FBIS Translated Excerpt] An unknown number of Khmer Rouge men completely burned down two bridges between the 418 and 419 kilometer markers on National Route 13 linking Kratie and Stung Treng.

These two bridges are almost next to one another. They are the Dai Andak bridge, which is 9 meters long and 5 meters wide, and the O Andak bridge, which is 15 meters long and 5 meters wide. Both are Bailey bridges, built of steel and wood. The two bridges were repaired by the Public Works Service of Kratie Province in early November 1995 at a cost of $4,500, which was provided by Japan's PIU [expansion unknown] organization. [passage omitted]

Khmer Rouge Reportedly Attacks Battambang Station

BK1301111196 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 13 Jan 96 pp 1, 5

[Report by Stoeng Khieu]

[FBIS Translated Excerpt] The broadcast of Battambang Town's AM Banteay Rumchek radio station in Ratanak commune, Svay Pao District, Battambang Province, has been suspended due to the destruction of a radio broadcasting antenna by the Khmer Rouge in an attack on the morning of 7 January.

Police believed that the mine, which exploded at 0030, was a TNT time bomb planted by a group of Khmer Rouge terrorists. The explosion caused the antenna about 60 meters east of the broadcasting room to fall to the ground.

Uk Sam-an, deputy director of the radio station, said the damage was minor and that the station would be able to operate again next week after repairs. [passage omitted]

Khmer Rouge on Destruction of Bridge 7 Jan

BK1201013596 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jan 96

[FBIS Translated Text] On 7 January, the National Army, in cooperation with our people, smashed the position of an enemy platoon defending the 100-meter Baribo Bridge in Baribo District, Kompong Chhnang Province. The bridge was later blown up completely. We also killed two enemy soldiers, wounded three, and captured two; destroyed an Army truck, five military motorbikes, and a B-40 rocket launcher; and seized two AK assault rifles and a quantity of war materiel.

Claims Bomb Attack in Phnom Penh

BK1201024596 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jan 96

[FBIS Translated Text] On 8 January, our guerrillas in Phnom Penh planted two time bombs at a Vietnamese brothel in the Tuol Kouk suburb. The bombs exploded at 0430. Five Vietnamese — including four prostitutes and the brothel owner — were killed and six others wounded. The Vietnamese brothel was plunged into a state of panic. Later, our guerrillas managed to strew 40 leaflets in the area.

Khmer Rouge Guerrillas Stall Government Offensive

BK1801093296 Hong Kong AFP in English 0854 GMT 18 Jan 96

[FBIS Transcribed Text] Aranyaprathet, Thailand, Jan 18 (AFP) — About 500 Khmer Rouge guerrillas fiercely defended their stronghold Thursday in northwestern Cambodia, stalling an offensive by Cambodian Government Forces, Thai border officials said.

Cambodian soldiers backed by three tanks attacked Khmer Rouge positions before dawn and pushed toward the rebels' stronghold at Phnom Malai, southeast of the Cambodian town of Poipet, the officials said.

The fighting broke out near Laem Nong Ian, where Thai territory juts ten kilometers (six miles) into Cambodia, and intensified before noon, when the rebels rained the government side with heavy mortar shells, they said.

About 70 government troops retreated across the border to Thailand. The Cambodian forces were rounded up, disarmed and sent back to Cambodia by Thai soldiers, the officials said. A large quantity of firearms and ammunition was seized, they added.

A Cambodian lieutenant was severely injured during the fight with the Khmer Rouge and was treated in a Thai army camp hospital.

Figures for casualties incurred in the fighting were unavailable.

Official: District Needs More Food Supplies

BK0601142996 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 6 Jan 96 p 2

[Report by Stoeng Khiev]

[FBIS Translated Excerpt] People in Ratanamondol District need an extra 4,000 tons of food to compensate for shortages during 1996, according to Em Horn, chief of Ratanamondol District in Battambang Province.

The district chief also says that this year's food supply production in the area is meager and cannot meet the needs of the approximately 30,000 inhabitants living in the district. [passage omitted]

The same official also says that there are about 1,700 hectares of land for growing various crops. No more than 2,500 hectares are secure enough to grow rice. Many more thousands of hectares of land are located in insecure zones. [passage omitted]

Rice Self-Sufficiency Expected 'Next Year'

BK0801060396 Phnom Penh THE CAMBODIA TIMES in English 31 Dec 95 -6 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Phnom Penh — The country expects to become self sufficient in rice next year and might even produce a small surplus after the best harvest in years, an agricultural expert said.

Harry Neshitt, manager for the International Rice Research Institute's (IRRI) Cambodia project also believed the country would remain self sufficient in the years ahead.

"Compared with last year it's terrific," he said referring to droughts and floods in 1994 which caused severe damage to the rice crop and left a shortfall of at least 90,000 tonnes of the staple.

Floods affected two northwestern provinces this year but a surplus was expected once losses are against total output, Neshitt said adding that good weather and introduction of newer technologies had brought positive results.

Neshitt cited Agriculture Ministry reporters as forecasting a surplus of 289,000 tonnes of paddy which he said would yield about 180,000 tonnes of rice against a total crop of some three million tonnes.

Neshitt described the figure as "an estimate on the positive side" and reckoned any surplus would more likely be in the area of 50,000 tonnes.

"I wouldn't predict there would be a large surplus but the feeling is, with mateorologists that for the next five or six years it should be pretty good. I'm certainly optimistic," he said.

Indonesia

Anti-Integration Figure Araujo Discusses Visit

BK0901070996 Jakarta KOMPAS in Indonesian 8 Jan 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — Dr. Abilio Araujo, an anti-Indonesian integration figure, has admitted that he was under heavy pressure from groups in Portugal in connection with his visit to Indonesia beginning at the end of December.

Speaking to Indonesian journalists in Jakarta on Sunday, 7 January, Abilio said: "Before I came here, I was being pressured by various groups there. They suggested I should cancel my visit."

On Friday, Abilio had an audience with President Suharto. He has "secretly" met several people such as the minister of foreign affairs, minister of state research and technology, minister of education and culture, minister of state for investment, minister of state for national development planning, and officials from the Indonesian Chamber of Commerce and Industry and the National Commission on Human Rights.

Abilio also said that no one forced him to visit Indonesia.

He was accompanied during the interview by the British ambassador to Indonesia, Minister J.E. Habibie, and Indonesian roving ambassador Lopes da Cruz.

"Nobody forced me," he said, adding that he does not represent any group.

Abilio has confessed that he is very impressed with what he has seen in Jakarta. This is his first visit to the city.

According to Abilio, his current visit to Indonesia is "specifically to meet President Suharto." Therefore, he has no time to visit East Timor. Responding to journalists' questions regarding his stance on the East Timor issue, Abilio said he is "a supporter of the reconciliation efforts and the process of the tripartite talks."

Further tripartite talks among Indonesia, Portugal, and the United Nations secretary general — the facilitator of the talks — will be held on 16 January.

Threat Against East Timor Leader on Internet

BK0801034396 (Internet) INDONESIA Listserv in English 7 Jan 96

["Media Release" issued by the East Timor National Council of Maubere Resistance on 4 January — place not given]

[FBIS Transcribed Text] Indonesian state-sponsored terrorism against the people of East Timor and opponents of the Suharto dictatorship is set to increase this year.

CNRM [National Council of Maubere Resistance] has received a disturbing e-mail letter from an Indonesian with likely links to the military intelligence, announcing the formation of a "Sparrow Unit" "to eliminate all East Timor people from our land".

Killing CNRM Special Representative Jose Ramos Horta is said to be the Sparrow Unit's main aim.

After realising the extent of the uncensored information flow on the true situation in Indonesia and East Timor, which circulates globally on the Internet, last August the Indonesian Military announced the intention to set up a task force to "fight on the Internet battle front against campaigns by Indonesian detractors threatening national stability".

Since October, frequent opinion articles and comments on other postings, reflecting the bigotry of the Indonesian military, started to appear on the electronic conferences. Many of them were authored by someone calling himself by the unlikely name of Antonio Merlin, the purported author of the 3 January letter to CNRM, which we quote unedited.

From: merlin@server.indo.net.id (Antonio Merlin)

Subject: Announcement Letter

Dear Sir,

I'd like to inform you, that we the Indonesian who doesn't like East Timor people has been build our new fighter to eliminate all East Timor people from our land. We don't like them because they are tend to be a traitor and like to use our people to be a traitor of their country. Our new unit will be called 'Sparrow Unit', and starting to kill by the end of January 1996. We will supported by The Indonesian Progressive Military Unit. Our primary goal is to kill J. Ramos Horta, so please to tell him to be careful by the end of January 1996.

Thanks.

Given the well proven use of state sponsored terrorism by the Indonesian military in the East Timor occupation war, of which the infamous "ninja" campaigns against the civilian population and the attack on the Netherlands Embassy in Jakarta last December are recent examples, this latest threat needs to be taken seriously. It again reflects the despair of the Indonesian Military at its failure in East Timor in the face of the East Timorese people's determined efforts to continue their 21 year struggle for their right of self determination and freedom from a brutal foreign occupation. CNRM has taken measures to protect the safety of its overseas based personnel from terrorist actions covertly sponsored by the Suharto dictatorship.

Ministers on Return of Three East Timor Fighters

BK1101012596 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 11 Jan 96

[FBIS Translated Text] Foreign Minister Ali Alatas considers that the conferring of honorary medals on three East Timorese who fought for the integration of East Timor into the Republic of Indonesia is normal because the three persons could be regarded as heroes who initiated independence for East Timor through integration with the republic. Speaking after the three former East Timor integration fighters received Indonesian veterans' titles in a ceremony in Jakarta yesterday, Minister Ali Alatas said the granting of the titles was not politically motivated, although it was politically significant. Similar titles will be granted to other persons who render the nation many services.

Meanwhile, Defense and Security Minister Edi Sudrajat said in a speech that the return of the East Timorese to Indonesia proved that the people of East Timor were determined to integrate with the Republic of Indonesia long before East Timor officially became an Indonesian province. He said the struggle of Armindo Soares Amaral, Evarista da Costa, and Domingo Soares as well as others was part of the Indonesian people's struggle as a whole.

Malaysian Trawlers Detained for Illegal Fishing

BK0501102496 Jakarta ANTARA in Indonesian 1626 GMT 4 Jan 96

[FBIS Translated Text] Jakarta, 4 Jan (ANTARA) — A Dumai-based Indonesian Navy patrol boat on Wednesday [3 January] detained two fishing trawlers for illegally catching fish in the waters around Aruah Island in Riau. The fishing trawlers were flying Malaysian flags.

Lieutenant Colonel (Navy) Hari Sutantyo, commandant of the Dumai Naval Base, who led the patrol operation, said: "After an investigation, it was proved that the foreign vessels did not have any fishing permit." The Naval Western Fleet Information Unit was quoted as saying this.

The Information Unit said that during the process of the investigation, Ngio Chaie, skipper of the detained vessel KM [Malaysian vessel] Dolphin, attempted to offer a $30,000 bribe to redeem his vessel. The offer was turned down by patrol officials.

It was reported that KM Kee Seng Jo, with its Skipper Tong Kong Peng and three crew members, had 800 kg of fish when it was detained.

The two fishing trawlers and all the crew members are being detained at the Dumai Naval Base. Everything on the vessels, including the fish, has been seized.

Suharto Presents Draft 1996-97 Budget

BK0701065796 Jakarta TVRI Television Network in Indonesian 0330 GMT 4 Jan 96

[Speech by Indonesian President Suharto at the House of Representatives in Jakarta on 4 January — live]

[FBIS Translated Text] Honorable speaker, deputy speakers, members of the House of Representatives, ladies, and gentlemen: Peace be upon you!

Today, I am very happy to be able to meet your request to present the draft 1996-97 state budget to the House of Representatives. As we are still in a new year's mood, please allow me to wish to the speaker, deputy speakers, members of the House of Representatives, and everybody present in the hall a Happy New Year for 1996. May Almighty God give the best to us and all the Indonesian people. In view of Indonesia's religious tolerance, please allow me to wish the Christian members of the House of Representatives a Merry Christmas. May the Christmas spirit guide you in your dedication to the nation we are developing together.

Honorable session, our nation enters 1996 on the basis of our experiences in 1995, which we have safely finished. Last year was special for our nation because it was full of dynamism — nationally, regionally, and globally. It was the 50th year of our national independence. We thank God for the fruits of independence and our ability to strengthen the unity of our heterogeneous nation, maintain the sovereignty of our vast archipelagic territory, develop the nation, and achieve social progress. We have strongly felt a high degree of political dynamism amid our political stability. An atmosphere of openness, freedom, and new ideas continues to grow. I once reminded you that economic progress would lead to new aspirations, forces, and hopes. What is important is our awareness and ability to prevent the situation from getting out of control. Dynamism is positive because it can refresh our nation, but we must consistently adhere to Pancasila, the 1945 Constitution, and the Broad Outline of State Policies while further strengthening national unity.

Regional development is encouraging. ASEAN has become stronger and its membership has expanded. This gives wider room for economic cooperation to promote the welfare of people in the region. Our relations with our Southwest Pacific neighbors have become stronger. Wider cooperation in the APEC [Asia-Pacific Economic Cooperation] framework has opened new opportunities. All this has created a situation conducive to our development. World developments tend to favor peace and economic cooperation. There is new hope for peace in the Balkans and the Middle East. Yet we will face various challenges in the coming years. Free trade and investment require us to enhance national competitiveness. Nations will be marginalized if they fail to pass the test in the coming years. As a fighting nation, we will not allow ourselves to be marginalized. We want to be equal to other nations in terms of socioeconomic progress. We want to be a dignified nation in international relations.

Honorable speaker, we achieved encouraging progress in 1995. Progress has given rise to hope. We have become more confident that we are able to achieve progress by ourselves. As I said in my state address on 16 August, we increased the projected annual growth during the Sixth Five-Year Development Plan from 6.2 percent to 7.1 percent. We surpassed the new target in 1994 because economic growth was 7.5 percent in that year. Our economic growth in 1995 is also expected to exceed the target and be at least the same as in 1994. The nonoil and nongas sectors, including the industrial sector, are primarily responsible for the relatively high economic growth. The growth rate of agriculture is expected to exceed that of 1994. The welfare of farmers will increase. Our macroeconomic policy has won international confidence in the future of the Indonesian economy. This has been manifested in growing foreign and domestic investment that will become the foundation of our economic growth in the coming years. The development of the stock exchange in 1995 was encouraging. This demonstrates investor confidence in our economy.

Our economic development is not trouble-free, though. We have succeeded in achieving growth and an equitable distribution of wealth as two of the three elements of the trilogy of development. Economic stability is facing strong challenges. If the challenges are not properly handled, they will degenerate into economic instability. This will in turn have a far-reaching impact on growth and the equitable distribution of wealth. The Indonesian economy risks overheating.

There are two symptoms. First, annual inflation has far exceeded 5 percent over the past three consecutive years. The inflation rate has exceeded the target rate for the Sixth Five-Year Development Plan and has even exceeded that of neighboring countries. Second, there has been a growing current account deficit during the 1995-96 period. The deficit was much higher than earlier expected. The growing current account deficit is attributed to the fact that the growth of imports has far exceeded that of exports. We must also be vigilant against the impact of foreign commercial loans by business circles — especially short-term ones, which increased substantially in 1995 — on the balance of payments.

We feel somewhat happy because our foreign exchange reserves are increasing. We have enough now to finance five months of imports. We must control inflation in 1996. The government has undertaken harmonious policies in the fiscal, monetary, and real sectors. A current account deficit is a general problem that confronts dynamic and highly developing economies. Nevertheless, if the current account deficit swells rapidly, proper steps must be taken to cope with it immediately.

There is a key to overcoming our current account deficit — on the one hand, we must increase nonoil and nongas exports; on the other, we must reduce the growth of imports. Accordingly, I merged the Department and Industry and the Department of Trade. Our steps to increase exports will be more coordinated following the merger. We will move faster in the international market, respond easily to international economic developments, and take advantage of any opportunities.

Indeed, imports cannot be easily curbed as we adopt an open market economy. We must ensure that our imports support exports, create jobs, and increase the added value. As consumers, the government, business circles, and citizens must stand as a strong and united front to face the challenges. The people as consumers play an important role in controlling imports by giving priority to domestic products, especially consumer goods. We must remember the motto: Love the Nation, Love Its Products. This does not violate the spirit of international agreements we have signed.

We need to take a number of effective steps to cool down the economy. These steps are primarily designed to limit liquidity in the economy as well as banking credits, which have grown too rapidly. In this case, we have taken steps in the monetary sector. We have increased the requirement for banking reserves, tightened the supervision of nonbanking finance institutions, and [words indistinct].

In the fiscal sector, we have taken steps to speed the repayment of foreign debts with funds obtained from the sale of shares in state enterprises on international stock markets. Efforts to speed the repayment of foreign debts are very important. Any budget surplus at the end of the fiscal year will be used to speed the repayment of foreign debts, especially those with high interest.

Foreign commercial loans and export credits for projects that are linked directly or indirectly with the government and state enterprises should be curbed to protect the balance of payments. In this connection, banks and nonbanking finance institutions must be further revamped. In particular, the supervision of banks should be enhanced to maintain public trust and avoid problems. If public trust in a bank decreases, the bank itself must bear the consequences.

We must remain vigilant against possible world economic instability, notably fluctuations in the exchange rates of strong world currencies and the flow of capital — especially short-term capital — from one country to another. We must always monitor such developments and be ready with steps to cope with them.

Honorable session, in addition to these short-term steps to cool down the economy, we must prepare our nation for the 21st century as early as possible. We are aware that various heavy challenges lie before us. The world will become more united as a result of the development of technology in transportation, communications, and information. In line with globalization, there will be a greater flow of goods and services. The welfare of the world's people is expected to be promoted by a greater volume of world trade. Nevertheless, there will be increased competition to dominate export markets, preserve domestic markets, and obtain dwindling resources. In the process, our national economy will be further integrated into the global economy. Competition will no longer involve nations, but rather businessmen throughout the world.

In addition to economic globalization, there is growing economic cooperation in various regions. The European Community and the North Americans have developed economic cooperation. We in ASEAN have established economic cooperation that will lead to the birth of the ASEAN Free Trade Area [AFTA]. The Asia-Pacific countries have agreed to cooperate with one another within the APEC framework. The second APEC economic leaders meeting in Bogor issued a consensus known as the Bogor Consensus. During their recent meeting in Osaka, Japan, they renewed their resolve to implement the Bogor Declaration. Indonesia will not wait until 2020 to implement free trade. We began preparatory steps in 1983 when we issued a deregulation package in the banking sector. Last year, we issued a comprehensive deregulation package in trade and investment. We will continue these steps. We can say that Indonesia has overtaken many other countries in speeding up the flow of goods and services in our region.

Honorable brothers, this is the economic situation and challenges we face. We need to be prepared to undertake the necessary measures in 1996. The 1996-97 draft budget that I am presenting to the honorable house today was drafted based on our study of the development of the situation, the proposals I presented earlier, and the opinions of the house as expressed during discussions with the various parliamentary commissions.

Allow me to elaborate on certain basic issues that are included in the 1996-97 draft budget. The 1996-97 draft budget is considered balanced at 90.6 trillion rupiah. Domestic income is expected to stand at 78.2 trillion rupiah, or 86.3 percent of total national income. Another 12.4 trillion rupiah of income will be derived from development. Routine expenditures are estimated at 56.1 trillion rupiah, while expenditures for development are estimated at 34.5 trillion rupiah. There is an increase of 16.1 percent in the 1996-97 draft budget compared with the 1995-96 budget. Due to this increase, national savings will amount to more than 22 trillion rupiah, an increase of 3 trillion rupiah, or 16 percent, over the previous year.

Revenue from the oil sector amounts to 14.1 trillion rupiah while revenue from the nonoil sector is 64.1 trillion rupiah. This indicates that internal revenue is increasing because revenue from the nonoil sector has increased compared with revenue collected during FY 1995-96. There is an increase of more than 20 percent in overall revenue from the nonoil sector.

The major source of income is revenue collected, which amounts to 56 trillion rupiah, an increase of 24 percent. Taxes for the production sector have been reduced. This was aimed at encouraging more competition in an effort to attract more investment. National income was therefore reduced as a result of tax reductions. Despite this decrease, income from revenue increased. This means that income increased despite the tax reductions. Also, the increase in revenue indicated that people are becoming more aware of their obligations as good citizens to pay their taxes. We can increase our income through tax collection even more given the good amount of revenue that we have received. This is because there are still many citizens who have yet to pay their tax obligations. One of the measures commonly used is the ratio of tax collection to national income. In accordance with this method, our tax collection is considered much lower than neighboring countries. As such, we must increase our revenues from taxes and nontax sectors. Such an effort is important in managing economic liquidity to reduce the current account deficit and maintain Indonesia's economic stability. Therefore, we need to make every endeavor to increase our national income.

Furthermore, an expenditure of more than 27 trillion rupiah is needed for the government civil servants, or nearly half of routine expenditures. The government is constantly aware that despite such a large expenditure, the wages of the central and district officials are still at a minimum level compared to their daily needs. This is because of the large number of officials working for the central and district authorities — more than 4.5 million employees, including Indonesian Armed Forces personnel. We must make careful considerations when drafting a salary revision for the civil servants, because expenditures are greatly affected by every salary revision. The 1996-97 draft budget will be debated by the government and the parliament in an effort to find the best solution in connection with the wage revision for civil servants. [applause]

Other routine expenditures include the repayment of interest and foreign loans amounting to 19.9 trillion rupiah. Over the last few years, we have been able to reduce our foreign loans by hastening the repayment of loans with a higher interest rate, which had affected our national funds. Funds for the repayment of high- interest foreign loans were obtained through the sale of shares in our state-owned agencies on international stock markets.

As I said earlier, the structure of the development budget is based on regional and international economic developments and rapid technological changes. We are paying attention to international pacts such as GATT; WTO; APEC; and ASEAN, which has agreed to create AFTA. For this reason, development in various sectors, either in the economy or in human resources, is aimed at preparing a stronger basis for future development so that economic growth can continue to be maintained well.

The utilization of the development budget is also based on macroeconomic considerations so that development will not have a negative impact on national economic stability. On the contrary, intensified development activities should basically help overcome the high rate of inflation. We should give priority to development activities that can increase productivity and speed the flow of goods and services. Among other things we should develop the infrastructure, either in Java or elsewhere, to provide new resources for growth and become the center of development activities in the 21st century.

The development budget is also aimed at reducing the current account deficit. One way to do this is to conserve the budget by consuming domestic products. In principle, imported goods should be purchased by utilizing funds from foreign soft loans and aid.

Honorable session, let me outline the main allocations for development expenditures. The 1996-1997 draft state budget has not been planned to give equal increases in allocations to all sectors and districts, but all sectors and districts will receive higher allocations. Several sectors and districts will receive higher allocations due to their urgency and priorities. The irrigation sector is important, for example, because its priority is to sustain food sufficiency for development purposes. The activities of some sectors require a large amount of foreign exchange. For this reason, such sectors will utilize funds from foreign assistance for their activities. Local allocations in rupiah will be treated as a supplement. Foreign assistance will not be equally distributed because not all sectors need it. Foreign assistance is utilized only as much and as long as it is required.

There are 10 sectors that have been allocated a development fund of over 1 trillion rupiah, including five sectors that will receive more than 2 trillion rupiah. These are the transportation sector, the regional development sector, the mines and energy sector, the education sector, and the irrigation sector. Four sectors will receive over 3 trillion rupiah and two sectors will receive over 5 trillion rupiah.

The other sectors that have received a budget exceeding 1 trillion rupiah are the defense and security sector, the agricultural and forestry sector, the post and telecommunications sector, the health sector, and the housing and resettlement sector.

The amounts for these sectors reflect the government's development priorities in accordance with the mandate of the 1993 Broad Outline of State Policies; that is, to develop the national economy through the development of economic infrastructure and facilities, particularly in sectors that deal with human resources.

The allocation of funds also reflects the national development efforts that are always focused on the basis of the trilogy of development. In other words, the development budget should harmoniously support the government's efforts to distribute economic achievements to the people evenly and create a healthy and dynamic national stability.

It does not mean that sectors that are not receiving a large development allocation have been given a low priority. The difference is in their different needs compared with sectors that require physical investment.

The government's role in other sectors is mostly to provide guidance, advise on development, and create a conducive business climate.

Now I wish to outline matters that are related to the development of the industrial sector. The industrial sector will receive a development budget of about 506 billion rupiah. Its priority goes to activities that will support the development of small- and medium-scale industries as part of the efforts to provide an equitable distribution of wealth to the people and simultaneously spur national economic growth. This sector's activities, among other things, will include the improvement of the ability to acquire better industrial technology, management, and marketing. With this, our industrial sector will be able to increase exports. In order to support the development of strategic industries, the industrial chambers and other technological institutions will provide technical services, information, and skills training to small-scale industries.

The budget allocated for the agricultural and forestry sector is about 1.3 trillion rupiah. Development in the agricultural sector will be concentrated on efforts to achieve self-sufficiency in food productivity, increase worker productivity, and eradicate poverty among people in rural areas.

Activities in this sector will include the intensification of farming of quality agricultural products, the development of an agro-business system for basic commodities, and the setting up of farmers' and businessmen's groups in an effort to expand the development of the people's economy in rural areas.

The preservation of forests will be a priority in the development of the ecology and the community forestry business so that forest products will bring as much prosperity as possible.

The budget allocation for the development of the irrigation sector is over 2.3 trillion, an increase of about 42 percent. Of this amount, 46 percent is foreign assistance. A large amount of the budget allocation is for the development of the irrigation subsector. Most of the irrigation projects to be implemented in areas outside Java will utilize local funds. The development of the irrigation network is mainly aimed at opening up about 1 million hectares of new areas for cultivation in central Kalimantan. This area will be planted with paddy crops in an effort to sustain food sufficiency. A development fund has also been allocated for the rehabilitation of the irrigation network system in 350,000 hectares of paddy field. This is a continuation of the effort to improve irrigation networks in villages so that double cropping can be practiced. This is a strategic effort because apart from increasing paddy production, the income of farmers will be increased as well.

The human resources sector will receive a development budget of over 187 billion rupiah for skills development, institutional training, courses away from the workplace, and field training that will be made available to workers.

The budget allocated for the trade and development of the local companies and cooperatives sector is about 401 billion. Activities in this sector will involve the promotion of the role of the local market by creating a modern way of dealing in business and goods distribution, and stepping up the export of nonoil and nongas commodities. When the nonoil and nongas sector is firm, it will be able to increase its export of industrial products.

The development of small-scale companies and cooperatives is aimed at promoting the people's economy within the framework of strengthening local business circles, supporting efforts to achieve an equitable distribution of wealth, and sustaining economic growth. We already have a law on small-scale business and a law on cooperatives. With these two laws, we can expect the cooperatives and small-scale companies to play a more active role in the national economy, to be systematically managed, and to benefit all levels of society when they are fully developed. We will continue to develop business partnerships that are mutually beneficial among big, medium, and small companies to strengthen the national economy.

In accordance with the mandate of the Broad Outline of State Policies on development priorities, the budget allocation for the development of physical facilities remains huge. This sector receives about 6.8 trillion rupiah for the construction of communications systems such as roads and other transport infrastructure and facilities. The development budget for the construction of roads is about 4.2 trillion rupiah. About 90 percent of this will be used for the construction of roads outside Java. More than 1,000 km of new roads and 1,100 meters of new bridges will be constructed. The construction of roads is mainly aimed at opening up isolated areas, including border areas and transmigration locations, and supporting rapidly developing districts. The development activities of the railway agency are, among other things, to assemble coaches for electric trains within the framework of technology transfer, to continue the construction of Cikampek-Cirebon double track railway lines, and to construct new railway lines between Citayam and Bandung.

Under the sea transportation development program, speed ferry service will be made available. The government will carry on with the construction of landing piers in 30 locations. Included in this development budget are funds to operate a pioneer ferry service and maintain its facilities. The activities will mostly be carried out in the eastern part of Indonesia. The budget allocation for this sector is about 745 billion rupiah, mostly for the construction of wharf facilities in 35 locations to lend support to economic activities carried out by people in isolated areas. Twenty-four pioneer ports, eight people's ports, and three public ports will be constructed to provide navigational assistance to the people. A container port will soon be built in Ujungpandang. This is important for the development of the eastern part of Indonesia. This development budget will also be used to subsidize continuously the operational costs of pioneer shipping companies.

More than half the development budget allocated for the air transport sector will be used for the construction of airport infrastructure and facilities. The government will expand 19 airports and six pioneer airports and support the operational costs of 48 pioneer air services. The budget will also be used to improve airport air navigation systems, telecommunications facilities, electricity supply, and security, including at pioneer airports.

The mines and energy sector continues to receive a large allocation of about 4.1 trillion. Most of the activities in this sector will be in the development of energy for power generating facilities and electricity supply. The responsibility of the PLN [State Electricity Corporation] and the participation of business circles have increased in supplying electricity, especially to islands outside Java and to densely-populated villages. The government's main support to the PLN is thus directed more at providing electricity to areas outside Java and villages throughout Indonesia. In FY96-97, electricity is expected to reach more than 2,800 villages. By the end of the third year of the Sixth Five-Year Development Plan, 67 percent of villages will have electricity. This is an important step toward realizing the equitable distribution of wealth and the economic mobilization of the rural people.

In the energy sector, a huge investment fund has been allocated for the development and expansion of gas projects. Gas pipelines will be installed at gas projects that have not been fully exploited as sources of energy. The pipelines will stretch from South Sumatera to Riau and will end in Batam Island. Oil resources can be fully utilized to produce steam for the intensification of oil exploitation when the Caltex oil field in Duri is expanded.

Batam Island's demand for energy can be met through the utilization of natural gas, which is a clean source of energy.

The tourism, post, and telecommunications sector will receive an allocation of 1 trillion rupiah, mostly derived from foreign assistance. Most of this allocation is meant for the development of postal and telecommunications services, particularly the development of telecommunications services. Funds from this allocation will also be used to add 700,000 telephone lines to cover several regions, including the interior regions. As for the tourism sector, more efforts will be made inside and outside the country to promote tourism and develop the quality of tourism products and services.

Honorable speaker and members of the house, priority has been constantly given to regional development and a large amount has been allocated for this. Through the presidential aid program, 38 percent of the allocation, an equivalent of 8.5 trillion rupiah, has been given to the district authorities for regional development programs. The presidential aid program and budget allocations are still important components in the development of first- and second-level regions as well as rural areas.

An amount of 6.5 trillion rupiah has been allocated for regional development. Regional development programs will be implemented through four presidential aid programs. The regional development programs are aimed at the equitable distribution of wealth and the eradication of poverty. They are also aimed at improving the quality of human resources, particularly among those living below the poverty line. An amount of 1.4 trillion rupiah, an increase of more than 11 percent, has been allocated for development programs in the first-level regions. This increase is due to the increase in the allocation for the development of each square kilometer from 60,000 rupiah to 70,000 rupiah. All provinces will benefit from this increased allocation, but the bigger provinces in the eastern part of Indonesia will reap the greatest benefit. Apart from this, the allocation for the maintenance and operation of irrigation networks has been doubled. The district authorities will be responsible for the maintenance and operation of the irrigation network.

There will be funds for Pancasila indoctrination programs in the countryside so these programs can take place smoothly. Regional administrations have allocated additional funds for these programs.

Presidential aid for districts will be increased by 15 percent to over 2.9 trillion rupiah. Aid for districts will be increased from 5,000 rupiah to 5,500 rupiah per head and from 20,000 rupiah to 25,000 rupiah per square kilometer. Aid for archipelagic districts will be increased from 5,100,000 rupiah to 6,500,000 rupiah per island. These increases will greatly help vast areas that are sparsely populated. Central agencies will no longer be responsible for several activities in the regions. A shift in the responsibility shows the central government's growing confidence in the ability of regional administrations to conduct their own activities. This is also in line with the decentralization policy designed to enable district administrations to achieve real, dynamic, and responsible autonomy. District administrations will be responsible for the construction of village roads. Six hundred kilometer-long roads will be built in villages, especially in backward villages. These villages are backward because they are isolated geographically.

There will funds for agricultural counselors in charge of the maintenance of self-sufficiency in food. There will be development aid for subdistricts. Each subdistrict will receive two million rupiah. Each village will receive 6,500,000 rupiah — an increase of 500,000 rupiah. Additional aid will be given to every family welfare organization responsible for the upbringing of children and teenagers in each village. Development funds for each village will total 5,000,000 rupiah, while funds for every family organization will amount to 1,500,000 rupiah. There will also be funds for the development of village development agencies. Youths are expected to play an active role in activities organized by village development agencies. Presidential aid for all villages will amount to over 459 billion rupiah.

The 1996-97 period is the third year of the backward village development program. Only a village which has a population of over 100 families will continue to receive aid this year. A village that has a population of less than 50 families will receive aid once, and a village that has a population of between 50 and 100 families will receive aid twice. During the 1996-97 period, villages in the provinces of East Timor, East Nusatenggara, Maluku, and Irian Jaya will be included in the backward village development program. The step is designed to speed up the eradication of poverty in these areas. All villages in several districts — Sangir-Talaud in North Sulawesi Province, the Riau archipelago in Riau Province, Nias in North Sumatera Province, and Banggai in Central Sulawesi — will receive funds under the backward village development program. These districts are made up of islands. Thus, over 22,000 villages will receive funds under the backward village development program. Almost 480 billion rupiah will be allocated for backward villages. As a whole, over 28,000 villages or some 44 percent of all villages in the country will have received aid to eradicate poverty since the backward village development program was launched in the first year of the Sixth Five-Year Development Plan. The program has increased the economic power of poor villagers. Many of them have repaid loans that have become the source of village development. The People's Savings Scheme will be gradually implemented to help poor villagers who do not reside in backward villages. Under the scheme, financially sound citizens will be involved in efforts to eradicate poverty. Thus, all people will be involved in eradicating poverty on the basis of social solidarity. This will strengthen national unity as a strong foundation in development programs as a manifestation of Pancasila ideology.

A total of 204 resettlement areas will be opened to accommodate 55,000 new migrant families. The government will provide services for 35,000 voluntary migrant families. The government will continue train current migrant families, develop cooperatives, and provide social services in resettlement areas.

Over 615 billion rupiah will be allocated for environment and land development. The huge funds will be used to protect the environment. The limited amount of land is an obstacle for development and has even led to social tension. However, some areas have not been fully exploited. Land development will become more important in coming years. We must promote production activities outside Java or the populated areas to maintain ecological harmony and strike a balance in the level of development and progress between regions in the country. We must prevent fertile agricultural lands, especially irrigated ones, from being used for nonagricultural purposes.

Education is an essential aspect of the development of human resources. Funds for the development of education, national culture, youth, and sports will reach nearly 4 trillion rupiah. Special attention will be given to primary schools managed under a presidential program. Primary schools under the presidential program will receive over 595 billion rupiah, an increase of about 19 percent. There will be huge funds to procure textbooks and reading books. Primary schools will need over 212 million books during the Sixth Five-Year Development Plan. Some 88 million books have been made available. The rest will be procured during the next two budgets. During the 1996-97 period, there will be funds to procure over 80 million books — about 62 million textbooks and 18 million reading books.

There will be training courses for 241,000 teachers. The courses will be important to enhance the quality of education. Educational development is also geared to implementing the nine-year basic education program. In addition, vocational education will be expanded. Scholarships will be provided to potentially able students whose parents are not financially sound. At total of 107,000 students will receive scholarships.

The quality of higher education will be enhanced through the improvement of educational facilities, including laboratory equipment and library books. There will be more academic research. There will be funds to further improve the quality of 6,600 graduate lecturers and 1,040 post-graduate lecturers.

Some 328 billion rupiah will be allocated for population and family development, especially the family planning program. Efforts will be made to improve population statistics. Nearly 1.4 trillion rupiah will be allocated for social welfare, health, and the development of women, children, and teenagers. Most of the funds will be allocated for health development. Public health services will be made available mainly through a presidential program. A total of 525 billion rupiah will be allocated for the program — a substantial increase from the present amount. Aid for medicines will be increased from 775 rupiah to 800 rupiah per head. More doctors, midwives, and other health workers will be deployed throughout Indonesia. A total of 13,000 midwives will be deployed this year. Thus, the need for 54,000 village midwives will be met. The village midwives will be provided with dormitories and necessary equipment.

Under the presidential program, the nutrition of children and teenagers will be improved. Primary schoolchidren in backward villagers and isolated areas outside Java and Bali have been given supplementary food because their present food generally lacks nutrition. Supplementary food is given three times a week. Local agricultural products, grown with the aid of nutritionists, are provided by schools in cooperation with mothers who belong to family welfare organizations. Supplementary food has already been given during the 1995-96 fiscal year as a pilot project in 26 provinces. A total of 35,000 students are involved. The pilot project has become the basis for expanding the program. A major health problem for primary schoolchildren is a high prevalence of worm diseases. The supplementary food will be meaningless if the problem is not overcome. Thus, children will be given medicines against worms once a year. The program is basic because there will be productive, intelligent, healthy, and physically strong Indonesians in the long run. In addition, the program will strongly encourage the economies of villages because their agricultural products will be bought. Over 1.7 million schoolchildren from over 18,000 primary schools will be covered in the first phase of the program. The program will be gradually expanded every year. In the long run, most of the primary schoolchildren will receive the supplementary food.

Immunization and programs to eradicate communicable diseases will be expanded to improve the people's health. New hospitals will be built outside Java. The quality of health services in district hospitals will be enhanced. Special attention will be given to areas where health services are still outdated.

Over 1.3 trillion rupiah will be allocated for the housing sector. Clean water will be provided for some 8.5 million urban and rural residents. The drainage network will be built in flood-prone urban areas. About 110,000 low-cost houses will be built.

Of all the development sectors, the religious sector will enjoy the highest budget increase. Over 253 billion rupiah will be allocated for the sector — an increase of about 38 percent. The sector has enjoyed the highest budget increase since the beginning of the Sixth Five-Year Development Plan. The increase was 51 percent during the 1994-95 period and 50 percent in the succeeding period.

Honorable Speaker, I am sure you are aware that the religious sector has the heavy responsibility of the oversight of the basic and all higher levels of religious education for the people. The sector for science and technology will receive an allocation of about 805 billion rupiah. This allocation will be used for the development of resources, research and the expansion of infrastructure and facilities for research, and technological services as well as for the development of information and statistics.

The legal sector will receive a development budget of about 172 billion rupiah, an increase of about 25 percent over the 1995-96 fiscal year. In line with the mandate of the 1993 Broad Outline of State Policies, which has placed the law in a separate field of development, this sector will continue to receive a high budget allocation under the Sixth Five-Year Development Plan. With increased funds, more concentration is expected in the development of the law, especially in the promotion of the international law system. The activities will include programs on law guidance and the upgrading, upholding, and proper practice of the judicial system. Legal aid will also be provided for the people.

The sector on the development of administrative reform and supervision is aimed at providing more services for the people, improving the ability to organize a public administration, implementing development programs more efficiently, and increasing productivity. It is also expected to encourage, provide guidelines for, and lend support to development implemented by the people. The budget allocated for this sector is 818 billion rupiah.

The development of political awareness is an endless effort from one Five-Year Development Plan to another. Most of the budget will be used for the Pancasila education upgrading course, which will be intensified and spread to the districts. Funds from the presidential aid program for the first-level regions will be utilized for the implementation of the Pancasila education upgrading course in the districts.

The budget for activities under foreign relations has been raised tremendously, by 53 percent. These activities include, among other things, improving diplomatic efforts and stepping up information dissemination activities overseas aimed at providing accurate information about Indonesia and improving its system by taking advantage of the international information network. The budget for the information sector has also been increased. This includes, among other things, supporting the preparations for the general election.

The defense and security sector will receive an allocation of over 1.5 trillion rupiah. The development of the defense and security sector is targeted at creating a professional, effective, efficient and modern class of armed forces. The priority is in the improvement of the quality of human resources and the modernization of equipment. The units that have not met the minimal standard, will gradually be well-equipped. Included in this budget is a fund for the rehabilitation of old houses at the armed forces' bases. A supplementary fund in the form of foreign assistance is still required for the acquisition of equipment, because not everything needed by the armed forces can be supplied by local manufacturers. We will continue to try to utilize local industrial products, especially those of the strategic industries, to increase self- reliance in this sector.

Honorable session, such is the main draft of the 1996-97 state budget that I am presenting before the honorable house today. It is my constitutional duty as the president, in accordance with the mandate of the 1945 Constitution, to present the draft state budget for approval by the house. In the draft budget, I have stipulated my willingness to implement the 1993 Broad Outline of State Polices, in line with the mandate given to me by the MPR. The details of the 1993 Broad Outline of the State Policies have been absorbed into the Sixth Five-Year Development Plan. All government agencies are ready to discuss the draft budget with members of the House of Representatives. All government agencies are also ready to join with all people in entering the third year of the Sixth Five-Year Development Plan. The coming years will be difficult ones. There will be challenges ahead. Strong unity and hard work will, however, enable us to overcome whatever difficulties and obstacles we face. This has become our tradition. We will continue the tradition. May God Almighty bless the Indonesian people's determination to continue their development.

Thank you and peace be upon you again!

Foreign Investment Commitments Increased in 1995

BK0701120796 Jakarta THE JAKARTA POST in English 28 Dec 95 p 1

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — Investment approvals reached their highest level this year with foreign investment commitments increasing by 68.4 percent to U.S.$39.9 billion and domestic commitments by 31.1 percent to Rp [rupiah] 69.9 trillion ($30.3 billion)

"I think this year's record of foreign investments is simply too high and I'm afraid that investment approvals may decline in the coming years," State Minister of Investment Sanyoto Sastrowardoyo told a press conference here yesterday.

He explained that this year's foreign investments approved by the government up to yesterday were committed for the establishment of 799 new or expansion projects in the nonoil and non-financial sectors.

The projects, when operational, are expected to employ 361,553 people comprising 353,172 Indonesians and 8,381 foreigners, he said.

For comparison, foreign investments approved by the government in 1994 reached $23.7 billion for 449 projects with plans to employ 353,172 people, including 7,161 foreigners.

Sanyoto noted yesterday that the petrochemical industry was the largest sector to attract foreign investments this year, with commitments of $19.3 billion, followed by the transportation business, with $5.5 billion, the power generation and water supply, with $3.5 billion, and the paper industry, with $2.5 billion.

Out of this year's foreign investment projects, 468 were export- oriented, with commitments to export part of the products to generate foreign exchange revenues of $15.7 billion per annum, he said.

Sanyoto, who is also chairman of the Investment Coordinating Board, said that Britain emerged as the single largest foreign investor this year with total investment commitments of $6.32 billion, followed by Japan with $3.79 billion, Australia with $3.71 billion, the United

States with $2.77 billion, Hong Kong with $1.76 billion, Singapore with $1.46 billion and Germany with $1.34 billion.

However, cumulatively during the period between 1967 and 1995, Japan remained the largest foreign investor with total investment commitments of $27.11 billion, followed by Britain with $20.72 billion, Hong Kong with $16.36 billion, Singapore with $15.02 billion and the United States with $11.51 billion, he said.

The investment chief also disclosed that the number of foreign investment licenses revoked in 1995 declined to 16, with total investment commitments of $68.29 million, from 33 licenses with commitments of $179.34 million in 1994.

Sanyoto said that this year's domestic investments were committed for the establishment of 775 new and expansion projects.

Out of the domestic projects, 338 planned to export part of their products to earn $12.71 billion per annum after the start of their operations, he said.

This year's domestic investment projects, when operational, will employ 650,000 people, including 3,456 foreigners.

In 1994, the government approved 823 domestic projects worth Rp 53.3 trillion with commitments to employ 623,582 people, including 3,914 foreigners.

Sanyoto said the government revoked licenses for 77 domestic investment projects worth Rp 1.6 trillion this year, as compared to the 129 projects worth Rp 4 trillion canceled in 1994.

He said the realization of cumulative foreign investment plans improved to 55.2 percent as of this year from 52 percent as of last year, while that of domestic investments rose to 44.6 percent from 42.8 percent.

He said that the inflow of foreign investments into Indonesia in 1996 will likely decline from this year's.

BI Issues Guidelines on Derivatives Trading

BK0901130296 Jakarta THE JAKARTA POST in English 30 Dec 95 p 1

[Unattributed report]

[FBIS Transcribed Excerpt] Jakarta (JP)—Bank Indonesia (BI), the central bank, issued new guidelines on derivatives trading by local banks yesterday in an effort to prevent major losses in the future.

Paul Sutopo Cokronegoro, a director at Bank Indonesia, said that under the new guidelines, banks are allowed to conduct trading on behalf of themselves and their customers.

The derivatives transactions the banks can enter are limited to those dealing with foreign exchange and interest rates excluding those dealing in stocks and futures, Paul said.

He added that banks may enter transactions on stock-related derivatives products only with the consent of Bank Indonesia.

"Derivatives transactions other than those mentioned above are outlawed," Paul said when announcing the guidelines.

Paul also used the media briefing to explain that most local banks do not have enough knowledge or information, let alone skills, in derivatives trading apart from those based on foreign exchange and interest rates.

Mukhlis Rasyid, another director at Bank Indonesia, concurred that stock and futures-related derivatives products carry more risks.

"You see, interest rates fluctuate in a very small range, but not stock indexes. They can drop and shoot up in a very short time," Mukhlis said. "You can see from the Barings case." [passage omitted]

Paul explained that to reduce future big losses on the part of local banks, banks are required to provide their own written guidelines on how to conduct derivatives deals in a prudent manner.

In conducting derivatives transactions, bank boards of directors and commissioners should be involved, not merely notified.

"Bank commissioners are required to actively monitor and supervise derivatives transactions," Paul added.

A number of critics have called on the government to restrict local banks from taking part in derivatives trading for speculation instead of for hedging.

Last year, two publicly-listed Indonesian companies incurred loses of U.S.$66.6 million from derivatives trading. They are PT [company limited] Indah Kiat Pulp & Paper and PT Ciwi Kimia, both paper makers under the Sinar Mas Group.

Paul explained that under the new guidelines banks may not conduct derivatives trading which could incur losses of more than 10 percent of their capital.

When banks enter derivatives deals on behalf of their customers, they are required to have a margin deposit of at least 10 percent of the total value of the deals.

Paul noted that before sealing derivatives transactions, in the name of customers, banks are obligated to give a clear explanation to their customers about the possible risks of the transactions.

"The explanation should be clearly represented in terms of the derivatives contracts," Paul said. [passage omitted]

Philippines

Ramos Views Threat Posed by Foreign Terrorists

BK1101050696 Quezon City Radio Filipinas in English 0230 GMT 11 Jan 96

[Weekly news conference by President Fidel V. Ramos before domestic correspondents, moderated by Press Secretary Hector Villanueva, at Malacanang Palace in Manila on 10 January — recorded]

[FBIS Transcribed Excerpt] [passage omitted] [Villanueva] Alright, Nellie.

[Correspondent Nellie; name not further specified] Sir, how serious is the threat posed by foreign terrorists?

[Ramos] But the threat is there; and, how true — we already caught three people. I mean, we caught one here but we were instrumental in the capture of the other two. [Ramzi Ahmad] Yusuf, caught in Pakistan and Wali [Khan] caught in Malaysia; and the three of them were together in the World Trade Center bombing in New York, February 1993, and they are all there now being tried.

Certainly, the Ipil raid is a reality, it is there; and the latest captures by the DILG [Department of Interior and Local Government]- PNP [Philippine National Police] of certain people with timing devices, explosives, drawings, very similar to what was found in the Malate apartment of Yusuf — evidences of the very bad intentions of these people in the Philippines.

[Nellie] Are we prepared for the APEC [Asia-Pacific Economic Cooperation] Meet in November?

[Ramos] Yes, we are preparing. We are on-track in our preparations and the one that is the biggest one so far is this meeting taking place now in Manila on human resource development.

[Nellie] So, you feel you are in control of the security ...

[Ramos] Yes.

[Nellie] ...aspect?

[Ramos] Yes. No one need not be apprehensive about the security of the personalities, the venues, and all other things related to APEC, just because we, here, are discussing the anti-crime bill, the anti-terror bill, the Police Act of 1996, etc, etc. [sentence as heard] These legislative initiatives are for our own modernization, improving the bureaucracy whether or not there is an APEC.

[Nellie] Thank you, sir.

[Ramos] Thank you. [passage omitted]

Group Offers To 'Take Back' ABB Remnants

BK1001063696 Manila PHILIPPINE DAILY INQUIRER in English 30 Dec 95 pp 1, 10

[Report by Bobby Timonera, Lynda Jumilla, Raymond Burgos, and the "INQUIRER wires"]

[FBIS Transcribed Text] An underground labor group affiliated with the National Democratic Front [NDF] yesterday offered to take back remnants of the breakaway Alex Boncayao Brigade [ABB] whose members have been decimated by arrests.

In a statement faxed to news organizations, the Revolutionary Council of Trade Unions [RCTU] urged the ABB rank and file to "abandon their leaders and join the (Communist Party)-led revolutionary movement."

The RCTU is one of the more than a dozen sectoral organizations under the NDF led by exiled CPP [Communist Party of the Philippines] founder Jose Ma. [Maria] Sison. The ABB is the armed wing of the Manila-Rizal Regional Committee, which broke away from the CPP as a result of leadership and ideological disputes in 1993.

The RCTU said the death squad's recent moves, including the series of attacks on Chinese-Filipino businessmen, have "sown discord among the ranks of the workers and have given the Ramos regime an opening to crack down on militant labor."

The statement also accused ABB leaders of various crimes, including "using the revolutionary movement for criminal activities, and conniving with the Ramos regime and its psywar [psychological warfare] agents to sabotage the protracted people's war."

"As long as the ABB's rank and file are willing to undergo the process of rectification, mass work, and adherence to revolutionary principles and discipline, the revolutionary movement will always extend an open hand," it added.

At Camp Crame [police headquarters], where authorities formally announced his capture, a defiant Victorio Ferdinez raised both his arms in a clenched-fist salute while being led away in handcuffs.

"Mabuhay ang uring manggagawa! Ituloy ang laban! (Long Live the working class! Onward with the struggle!)" the 41-year-old, bemustached rebel leader shouted.

"I call on my comrades to remain strong and to continue the struggle for revolutionary justice," he added.

Government prosecutors yesterday filed before the Valenzuela Regional Trial Court charges of illegal possession of firearms against Ferdinez, deputy commander and spokesperson of the Alex Boncayao Brigade.

Senior state prosecutor Ferdinand Abesamis recommended a P [pesos] 200,000 bail for Ferdinez's temporary liberty.

But outgoing Interior Secretary Rafael Alunan III has also tagged Ferdinez as among those who planned the ambush-killing of business leader Leonardo Ty, which would make his alleged offense non- bailable.

"More arrests are expected in the days ahead," said Alunan, who has so far confirmed the arrest of seven suspected ABB members in the government crackdown on the communist death squad.

President Ramos earlier ordered an all-out offensive against the ABB after it claimed credit for the killing of Ty and two other attacks intended for "anti-labor capitalists."

Life Imprisonment [subhead]

Ferdinez, a.k.a. as Marcel Jacinto, Milo, and Norman, was arrested Wednesday in Marulas, Valenzuela by military and police intelligence agents.

According to the charge sheet, Ferdinez was found in possession of a .45 caliber Colt Mark IV Series 70 pistol and magazines with 13 rounds of live ammunition without the necessary permits. Under Presidential Decree 1866, illegal possession of firearms has a maximum penalty of life imprisonment.

Ferdinez claimed that arresting officers "planted" the pistol seized from him.

He was charged in court only a day after police authorities filed the case with the DOJ [Department of Justice], and in lieu of a preliminary investigation.

Ferdinez was subjected to inquest proceedings after he refused to waive his right against detention.

Until he posts the court-approved bail bond, Ferdinez shall remain at the detention cell of the Intelligence Service of the Armed Forces in Camp Aguinaldo.

But both the police and the military want to keep Ferdinez behind bars.

Director General Recaredo Sarmiento II, Philippine National Police [PNP] chief, said he has ordered the Northern Police District Command under Senior Supt. [Superintendent] Romeo Maganto to study the evidence that would enable them to file murder charges against Ferdinez for the killing of Ty and his driver Nestor Encarnacion.

Six suspected ABB members, including one "John Doe," have been charged by police for the Dec. 11 ambush-slaying.

Double Murder

Charged for double murder before the Quezon City Regional Trial Court were Alexander Somera, Orlando Bondallon, Jr., Ruperto Flores, Jr., one alias Ian and one alias Allan.

Somera, said to be a member of the ABB Combat Force, was said to have been arrested by police intelligence agents last Dec. 16 but was never presented to media.

Bondallon and Flores were apprehended in raids conducted by Army intelligence agents in Caloocan City and Quezon City last Dec. 23.

Ian and Allan, whose real identities remain unknown, are still at large.

Another suspected ABB member, Romeo Tolledo Torres, was also captured and charged with illegal possession of firearms.

At the DOJ, Abesamis was also poised to file in court the illegal firearms possession and drug trafficking charges against three other captured ABB suspects after they refused to cooperate in the DOJ's preliminary investigation.

The three — LeJun de la Cruz, 27 and said to be the son of alleged ABB chief Nilo de la Cruz, a.k.a. Sergio Romero; Alma Flores, 29; and Edmundo Landrito, 32 — were supposed to submit their counter-affidavits after they earlier waived their right to detention.

Scraps of Paper [subhead]

But when they showed up at the DOJ, accompanied by lawyer Ida Lao, the suspects had apparently changed their mind about the preliminary investigation.

Lao assailed as "mere scraps of paper" the waivers signed by the three suspects in the presence of a lawyer provided by police authorities.

"When you are under detention and accused of a crime punishable by death, you are entitled to a counsel of your choice," she said.

"The lawyer who assisted them the last time was not their own choice but was provided by the police," added Lao, a member of the Free Legal Assistance Group.

In the absence of counter-evidence, Abesamis was forced to decide the case within 36 hours on the sole basis of police evidence, including two kilos of marijuana, a .45 caliber Swiss Vale pistol, six rounds of live ammunition, and a certification from the

PNP Firearms and Explosive Office that the gun was unlicensed.

The government has offered a P1 million reward for the capture of ABB chieftain Nilo de la Cruz, who is now the subject of a Metro Manila-wide hunt by military and police intelligence agents.

At least 60 more ABB officers and members are being hunted by military and police agents.

Suspected Communist Hit Squad Members Announced

BK1101132096 (Internet) The Journal Group WWW in English 11 Jan 96

[Report by Alfred Dalizon — received via Internet]

[FBIS Transcribed Text] The suspect, identified as Basilides Badion alias Jack and alleged commander of the communist Alex Boncayao Brigade [ABB] liquidation team, was presented to media along with three other ABB members in Camp Crame [police headquarters].

The other suspects presented were Josephine Fernandez alias Josie, alleged ABB finance officer and Badion's live-in partner; Ramos Escame alias White; and Jose Tausa alias Bacute, both suspected members of the ABB Partisan Support Group.

The latest arrests brought to 17 the number of suspected ABB officials and members arrested by government agents since President Ramos declared an all-out war against the group blamed for the killing of billionaire industrialist Leonardo Ty and his driver Nestor Encarnacion last Dec. 11.

Interior and Local Government Secretary Rafael Alunan said the four were arrested by government intelligence agents during follow- up operations in Metro Manila.

He said witnesses had identified Badion as the gunman armed with a caliber .45 pistol who shot dead Zarcal near his house in Sta. [Santa] Cruz, Manila in March 1994.

Zarcal and slain PNP [Philippine National Police] officer, Chief Inspector Jose Pring were among those targeted for liquidation by the ABB since 1994 for their alleged corrupt ways.

That year, the ABB released a list of their targets including PNP and Armed Forces officers and men as well as other government officials whom they tagged as crooks.

During the suspects' presentation, PNP Director General Recaredo Sarmiento denied that ABB chieftain Sergio Romero was already captured by government agents.

Col. Ador Penaflor of the AFP [Armed Forces of the Philippines] Intelligence Service also denied that Romero, whose true name is Nilo de la Cruz, is already in their custody.

"Negative, no record of Romero in our custody," Penaflor told reporters in Camp Crame.

Meanwhile, Criminal Investigation Command director, Chief Supt. [Superintendent] Ramsey Ocampo said they have enough evidence to file murder charges against Badion in connection with Zarcal's killing.

Ocampo said they have witnesses who can identify Badion as the gunman who shot dead Zarcal near his house in Sta. Cruz, Manila in March 1994.

Badion, also known by his aliases Jester, Kevin, and Jack, was tagged as the head of the ABB South Partisan Platoon which covers cities and municipalities south of the Pasig River.

Badion and Fernandez were arrested in Caloocan City Monday while Escame, an alleged ABB hitman and Tausa, were arrested Sunday during a raid in their safe house in Sta. Mesa, Manila.

Seized from the two were a cal. .45 pistol and a cal. .38 revolver, both unlicensed.

PNP sources said a fifth ABB officer, identified as John de Guzman, is now in the custody of the PNP Intelligence Command in Camp Crame.

De Guzman, said to be a ranking officer of the ABB South Partisan Platoon, was not presented to the media as sources said he has agreed to cooperate with authorities in going after other ABB suspects hiding in the metropolis.

But Senior Supt. Robert Delfin, a top IC [expansion unknown] official said de Guzman "was not presented because he was allowed to go home to attend to the wake of his father-in-law who just died."

Strength of Communist, Muslim Forces Discussed

BK1001092496 Manila MANILA BULLETIN in English 3 Jan 96 pp 1, 8

[Report by Cena B. De Guzman]

[FBIS Transcribed Text] The Communist insurgency continued to decline in membership, firepower, and activities in 1995 to their lowest levels in 10 years, but Mindanao rebels boosted their strength, although their activities were contained, the Department of National Defense [DND] said yesterday.

Defense Secretary Renato S. de Villa said that statistics showed sharp reductions in the number of barangays [villages] nationwide affected by activities of the Communist Party of the Philippines-New People's Army (CPP-NPA), compared to 1986 through 1988 when the CPP- NPA strength was high.

De Villa said the figures had been steadily declining since 1988.

The 1995 figure of 445 affected barangays represents a 95 percent reduction from the peak of 8,496 in 1988 and a 29 percent reduction from 625 in 1994.

The CPP-NPA regular membership decreased in 1995 to 6,020 from 6,930 in 1994 or a reduction of 910. Compared to 1986-1988 when CPP NPA strength was approximately 25,000 regulars, there was an aggregate decrease of more than 70 percent.

Firearms of the communist movement also decreased from 5,860 in 1994 to 5,300 in 1995, a 66 percent reduction, compared to the peak of 15,500 in 1988. Contributing to the further decline in the CPP- NPA activities was the surrender in 1995 of 1,482 regulars who yielded 753 fire arms to the government.

In Mindanao, the DND report noted an increase in 1995 in the capability of secessionist groups although their armed activities and initiatives appeared to have been contained by the government policy of reconciliation.

De Villa said that there was an 11 percent increase in the strength of the Moro National Liberation Front and the Moro Islamic Liberation Front in 1995.

Firearms believed in their possession totalled 17,270, an increase of 420 from the figure in 1994.

The Abu Sayyaf group also increased its strength by 12 percent in 1995 while the National Islamic Command Council was reported to have a strength of 690 regulars with 310 firearms.

Military: Mindanao Situation Remains 'Volatile'

BK100106[illegible]796 Manila PHILIPPINE DAILY INQUIRER in English 27 Dec 95 p 3

[Unattributed report]

[FBIS Transcribed Text] The military yesterday said the situation in Mindanao remains "volatile" and that rebel and terrorist groups, including the Abu Sayyaf, continued to acquire more firearms and recruit more men.

The assessment was given to President Ramos in Marawi City where officers of the Southern Command noted a slight increase in the manpower and firearm strength of the groups.

They said that these groups — Moro National Liberation Front [MNLF], the Moro Islamic Liberation Front [MILF], the Abu Sayyaf and other groups now have a total of 26,559 men while their firearms now number 17,687.

Based on records, the MNLF has about 9,347 guns while the MILF has 7,997. The Abu Sayyaf has 220 and other groups with 123 guns.

The groups were also able to bolster their manpower the past months led by the MNLF with about 17,104 followers, followed by the MILF with 8,452, the Abu Sayyaf group with about 706 and other groups with 297.

The military said in their report the total manpower of the groups increased by 14 percent while firearms increased about seven percent.

The same records show that for about six months the MNLF and the MILF conducted 85 training sessions for about 11,603 men while the Abu Sayyaf had one training session for 25 students.

Abu Sayyaf Said Building Up Forces in Zamboanga

BK1001053596 Quezon City MALAYA in English 25 Dec 95 p 2

[Unattributed report]

[FBIS Transcribed Text] Zamboanga City — The Abu Sayyaf extremist group is reportedly building up its forces in Zamboanga Peninsula and recruiting males 18 to 25 years old in three barangays [villages] in Margo Sa Tubig, Zamboanga del Sur.

The extremist group under Lito Teves was monitored to be recruiting in barangays Guinimaran, Josefina, and Magahis in Margo Sa Tubig. Teves reportedly promised each recruit a P [pesos] 2,000 monthly allowance should they join training on urban terrorism in Lapirawan in Alicia, Zamboanga del Sur.

Col. Narciso Abaya, 102d Infantry Brigade commander based in Sanito, Ipil, however said the reports are still being verified.

The so-called allowance given by the Abu Sayyaf is not true, and is only a ploy to attract membership in the group, he said.

Commander Lito Teves is believed to be under MNLF [Moro National Liberation Front] commander Tallah Manguda, believed to be behind piracy and extortion in the towns of Vivencio, Sagun, Margo Sa Tubig, Oluntanga, Talusan, and Mabuhay.

Muslim Rebels Attack North Cotabato Town

BK0901054296 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 Jan 96

[FBIS Translated Text] Four persons were killed while scores of others were seriously injured when Muslim rebels attacked Kabacan, North Cotabato. North Cotabato Police Chief Jose Briones said in a report that the Moro National Liberation Front members burned some houses while firing at fleeing residents.

Meanwhile, an Army camp in Batasan Village, also in North Cotabato, was attacked by some 200 men. One of the attackers was killed; two assault rifles were seized from the attackers.

In Klubi Village, Lake Sebu, South Cotabato, an encounter between the military and some 60 men occurred. The armed men are suspected of being Abu Sayyaf members. Seven of the attackers were killed during the encounter. No government soldiers were reported killed or wounded.

Thailand

North Korea Asks Ministry To Supply More Rice

BK1801045596 Bangkok BANGKOK POST in English 18 Jan 96 p 19

[Unattributed report]

[FBIS Transcribed Text] North Korea wants Thailand to supply 140,000 tons of 35% white rice although it cannot afford to pay for it yet, according to a Commerce Ministry source.

Li Sonedae, chairman of North Korea's External Economic Affairs Commission, has lodged the request with Commerce Minister Chuchip Hansawat, the source said.

Mr Chuchip asked Mr Li to make an official written request to Thailand as this would enable the ministry to seek approval from the Rice Policy Committee.

Thailand last year agreed to sell 200,000 tons of 35% white rice for about US$295 a ton to Pyongyang. It supplied only 60,000 tons before the committee suspended the delivery, saying North Korea had not paid for the shipment.

North Korea owes about US$20 million for 50,000 tons of 35% white rice bought some years ago.

The country urgently needed rice to meet a local shortage but did not have enough money to pay for it because it needed to repair extensive flood damage, the source said.

Cambodian Fighting Said Closer to Thai Border

BK0901141796 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 9 Jan 96

[Report by Suri Suratham, public relations officer of Sa Kaeo Province, from the border in Aranyaprathet District on 9 January — recorded]

[FBIS Translated Text] At 1045 on 9 January, an artillery shell from Khmer Rouge base about 30 kilometers south of the Poipet market fell on the market, instantly killing three six-year old girls, who were hired hands there. The artillery shell also caused fire to break out on six homes of Cambodian citizens nearby. This is the closest such incident to Sa Kaeo provincial border.

A Cambodian-Thai border coordination unit then requested for a van from the Aranyaprathet District rescue unit, and which was dispatched by the Sawang Thiangtham Sathan Foundation. The van took 15 injured people, including four girls and eight boys, to Aranyaprathet District Hospital. A girl died on the way. The seriously-injured patients are still in hospital for further medical treatment. A pregnant woman who was injured later died. The total number of people who died in this incident has increased to five, with 14 people being injured.

The Cambodian Government's 17th Division shelled the Khmer Rouge seven times in retaliation.

Thailand's Burapha task force is defending the border as the fighting between the forces of Cambodian Government and Khmer Rouge continues. The fighting is also closer to the Thai border than previous ones. The task force will retaliate immediately if there is an intrusion of the Thai border or an artillery shell is fired into Thai territory.

Those who received minor injuries have been sent back to the Poipet market with the help of the Thai-Cambodian border coordination unit officials. The seriously injured are receiving treatment at the Aranyaprathet Hospital.

Third Thai-India Joint Commission Meeting Held

India's Mukherjee on Kashmir

BK1801051896 Bangkok THE NATION in English 18 Jan 96 p 6

[Unattributed report]

[FBIS Transcribed Text] India will not use the Association of Southeast Asian Nations Regional Forum as a venue for mobilising support on its territorial dispute with Pakistan over Kashmir, Indian Foreign Minister Pranab Mukherjee said yesterday.

Mr Mukherjee said the unsettled problem in Kashmir is not a priority of his government and it must be made clear that India and Pakistan will attempt to settle the issue by themselves.

"India is determined to work for peace and stability in the region. That is our priority, not the Kashmir issue," he said, when asked whether India will raise the issue at the forum.

New Delhi will join the ARF [ASEAN Regional Forum] for the first time this year after ASEAN leaders agreed at a meeting in Bangkok last month to upgrade its status from the grouping's sectoral partner in trade, tourism and investment to a dialogue partner.

Some ASEAN countries are concerned about India's presence in the ARF due to its conflict with Pakistan and dispute with China which have not yet been settled.

Mr Mukherjee and his Thai counterpart Kasemsamoson Kasemi yesterday co-chaired the third meeting of the Thai-India Joint Commission.

As a full dialogue partner, India can enjoy more activities with ASEAN member states, including the ASEAN Post-Ministerial Conference and the ARF set up two years ago to discuss security issues.

Mr Mukherjee, who has not yet been informed officially of the new status, welcomed this development, saying it was very "encouraging and positive" and would bring about greater cooperation between India and ASEAN.

"We see it as a reaffirmation and continuation of our ties with this region, and recognition of the steady progress, especially in recent years in our relations with ASEAN member countries," he said in the opening statement to the meeting.

India's new partnership status is expected to be raised and discussed at the ASEAN Standing Committee meeting chaired by Indonesia on January 29-31 in Jakarta and India is expected to be officially informed later.

M.R. [Mon Ratchawong — royal tile] Kasemsamoson said closer cooperation would lead to prosperity and better understanding between India and Thailand and the region as a whole.

Foreign Permanent Secretary Thep Thewakun said after the meeting that the Indian foreign minister expressed interest in Thailand's initiative on the sub-continental economic cooperation scheme.

India has joined Sri Lanka in expressing positive response to Thailand's proposal which was initiated a year ago, while Bangladesh and Burma which are also included in the scheme have yet to express support, according to M.R. Thep.

M.R. Thep said they needed further discussion on the areas of cooperation and the ministry planned to send officials probably in March to discuss the scheme with the public and private sectors in these countries.

M.R. Kasemsamoson and Mr Mukherjee yesterday also agreed to boost two-way trade between Thailand and India to reach the target of US$2 billion in 1997 set at the second meeting in 1993.

More Subregional Cooperation Urged

BK1801105496 Bangkok BANGKOK POST in English 18 Jan 96 p 18

[Report by Darani Kothandapani]

[FBIS Transcribed Text] India has formally conveyed its interest in Thailand's proposal for greater sub-regional economic cooperation among Thailand, India and Sri Lanka.

"We have welcomed this proposal," External Relations Minister Pranab Mukherjee said yesterday. "We feel that co-operation among the three countries would harness the opportunities prevailing here, and we will be able to expand co-operation both in trade and investment and in the transfer of technology." The terms of reference for the proposal will be available soon, said Mr Mukherjee, who is on a three-day visit in connection with a Joint Commission meeting between India and Thailand.

"It is still in a conceptual stage. Once it is on the ground, the question of expansion [to include Burma and Bangladesh] will come in," he said.

The Joint Commission meeting will review political relations and bilateral trade, which is targeted to reach US$2 billion next year.

"We have already reached the $1-billion mark, and the meeting will consider the steps which have to be taken to expand this volume," he said.

The Indian minister insisted that his country's economic reform programme is not "stop and go" but a continuing process. The forthcoming parliamentary elections in April will not affect the pace of change, he said.

In the initial stages, several changes had to be made in investment and trade policy, a new industrial policy was introduced and measures were taken to address fiscal imbalances. With these matters solved, the tempo of change cannot be repeated.

India is set to become a full dialogue partner with ASEAN, upgraded from a sectoral dialogue partner on trade, investment, tourism and technology.

While its stand on regional issues will depend on situations as they unfold, the upgrade to full dialogue partner status will "expand and integrate our interests in the region in a deeper fashion in the coming years," he said.

"We are not going to take any initiatives with regard to the security concerns of this region. But it falls within the broad parameters of our policy."

Mr Mukherjee did say that he had discussed defence co-operation with Defence Minister Chawalit Yongchaiyut as well as "some procurement which is taking place. Not arms only, but other equipment as well."

Though India and Thailand had different security priorities during the Cold War, India's relationship with the former Soviet Union does not affect its relationship with the countries of this region, said Mr Mukherjee.

Even a few decades ago, he pointed out, India had the largest number of joint ventures in Malaysia, Indonesia and Thailand.

India maintains good relations with Russia. "We do not see any connection between these linkages and the buildup of relations with this region," he said. India has also been making an attempt to improve relations with China.

India has signed an agreement with China to maintain peace in border areas, and joint working groups have been meeting regularly.

Border trade has been resumed, with two border trade points set up and another in the offing.

In the case of China, he said "one should not assume that emerging economic strength will automatically lead to military strength."

However, he added, "[if] we can expand economic co-operation, that is one of the guarantors of peace and security."

India is keen on participating in any initiatives involving Asia, although it has been left out of the meeting between the leaders of 15 European Union states and 10 Asian countries in Bangkok in March.

"The participants from Asia were chosen by ASEAN and the participants from Europe by the EU. Therefore, because of certain factors, India was not chosen," the minister said.

However, India forms a substantial part of Asia, and is one of the largest economies in the world. "We hope this logic will prevail when subsequent decisions take place. You cannot have an Asian summit with Europe or anyone, keeping India out of it."

Mr Mukherjee's discussions with Thai Foreign Minister Kasemsamoson Kasemsi centred on bilateral cooperation. The recently concluded meeting of the South Asian Association for Regional Co-operation, and the South Asian preferential trading arrangement now operating among these countries, was discussed.

India has been lobbying for a seat as a permanent member of the Security Council of the United Nations, and these prospects also came up for discussion, he said.

India feels it has a legitimate place, given its size, its commitment to the UN charter and its contribution to UN activities including peacekeeping.

The minister also met with Transport and Communications Minister Wanmuhamatno Matha, with whom he discussed Indian participation in modernising Thailand's rail.

Rise of Subregional Cooperation Viewed

BK1201085696 Bangkok THE NATION in English 12 Jan 96 p A10

[Commentary by Nopphon Atchariyawanit, "counsellor to the Division of Economic Relations, Department of Economic Affairs, Foreign Ministry": "The Rise of Subregional Economic Cooperation"]

[FBIS Transcribed Text] The end of the Cold War in 1989 marked a significant turning point not only in international politics but in economic relations as well. Combined with the break-up of the Soviet Union, socialist countries had to reconsider their strategy and approaches to national development.

In this region, the Indochinese states, namely Laos, Cambodia and Vietnam turned their concentration to economic development after decades of destructive war. These countries came to the realization that socialism was not the way out of their poverty and they have embraced market economics as an alternative tool for development. This phenomenon has also happened in Myanmar [Burma] where the leaders have attempted to adopt market economy management to develop the country, instead of Myanmar-style socialism.

In China, economic reform according to the four-modernizations policy has transformed the rigid socialist country into a powerful magnet for foreign investment. Every province has adopted different strategies to fulfill the policy. For southern China, economic cooperation with its neighbours, namely Myanmar, Laos and Thailand is considered a key way of enhancing its development.

Subregional cooperation [subhead]

It was the Asian Development Bank (ADB) which initiated the concept of subregional economic cooperation. The ADB foresaw a high probability of cooperation among all countries in the Mekong basin, namely China, Myanmar, Laos, Thailand, Cambodia and Vietnam. The ADB believed that with the end of regional conflict and the failure of command economies, the former socialist countries in this region would turn their attentions to internal development. The ADB also viewed the potential of these countries complementary.

Geographic proximity and similarity of culture as well as race were considered as a primary pushing factor for cooperation and this idea has gained full support from the participating countries. With the political support of regional states, the ADB began to undertake a feasibility study on Economic Cooperation in the Greater Mekong Subregion (GMS) in late 1992 which included six fields of cooperation, namely, transportation network, energy, trade and investment, human resource development, tourism and environmental protection.

Asean's rising star [subhead]

During the past few years, it should be noted that Asean has become a regional group recognized for its high rate of growth. Asean economic structure has also changed with industrial and service sectors providing a greater share of gross domestic product. Further, the Asean economy has become increasingly linked to the world economy-by the so-called globalization process.

At the same time, a high degree of competition and protectionism exists in the world which has led to the emergence of trading blocs of developed countries, such as the European Union and North American Free Trade Area (Nafta). This has stimulated developing countries to search for ways and means to ensure their survival by pooling resources in order to increase group competitiveness and to avoid competition between themselves. For this r????da?lsihad rwth Triangle (IMT-GT) was formulated in mid 1993.

Besides external factors, internal developments were also acting as a stimulant. The imbalance in development since the first National Social and Economic Development Plan in 1960 forced the Thai government to take action to narrow the gap between the rich and the poor and between urban and rural areas. As a result the Chuan administration initiated a policy of diversification of growth to the rural areas in order to create more jobs and income in those poorer areas. The Thai government attempted to persuade investors to invest in provincial areas by providing more incentives and adequate infrastructure, including transportation, telecommunications, public utilities and industrial estates.

It should also be noted that these two policies, i.e., sub- regional economic cooperation and the policy of diversification of growth to the rural areas are compatible. At present, Thailand is a member of two economic cooperation frameworks, namely the IMT-GT and the Economic Cooperation in the Greater Mekong Subregion (GMS). Another two, the Subcontinental Economic Cooperation (India, Sri Lanka, Bangladesh, Myanmar and Thailand) and South China Sea Economic Cooperation (Thailand, Cambodia, Vietnam, China and Philippines) are in the pipeline.

National objectives [subhead]

The ultimate objective of economic cooperation is to maximize the use of resources of the participating countries for the well-being of the people. Economic cooperation will provide an opportunity for the participating countries to exchange their resources and economic potential based on comparative advantage and complementary concepts.

The private sector is supposed to be the engine of growth implementing these cooperation projects and programmes. In the meantime, the public sector is expected to create an environment for the freer flow of goods, services, people and capital by simplifying and coordinating rules and regulations. Although the private sector of the five countries of the GMS except Thailand are not strong enough, their governments have attempted to promote and prod them into action. Moreover, the ADB has sought to persuade the international private sector to become involved by arranging seminars and symposiums to introduce the project to the world.

With an aim to prepare the country for economic cooperation with neighbouring countries and to promote Thailand as a regional hub, the Thai government has set up the Committee on Regional Economic Cooperation Development. The committee will formulate policy and strategy as well as outline ways and means to cooperate with neighbouring countries. The Thai government has also accelerated work on infrastructure mega-projects.

These are:

— expansion of a four-lane highway connecting principal cities throughout the country.

— establishment of a heavy aircraft maintenance centre
— construction of second Bangkok international airport
— the Global Transpark project
-- the high-speed rail project
— the mass rapid transit system
— expansion of the number of telephone lines in Bangkok and the provinces
— construction of small and medium size industrial estates in provincial areas.

Moreover, the establishment of the Bangkok International Banking Facilities system, the setting up of the Export-Import Bank (EXIM Bank), acceptance of the country's obligations under article 8, section 2, 3 and 4 of the Agreement of the International Monetary Fund (IMF) and the relaxation of foreign exchange controls as well as the adjustment of the tariff structure were all designed to facilitate the greater flow of goods, services, people and capital between Thailand and its neighbours. These are actions which Thailand has taken in order to prepare itself to be a regional hub in many fields, such as air and land transport, finance and banking etc.

Thailand's active role in promoting economic cooperation with neighbouring countries was demonstrated when the first meeting of the Quadrangular Economic Cooperation (QEC) comprising Thailand, Myanmar, Laos and Yunnan was held in Bangkok in May 1993. Land and water transport as well as tourism are eminent areas of cooperation under the QEC umbrella and were all accepted in the framework of the Greater Mekong Subregion.

It should be noted that the present world is rapidly becoming interdependent and economic considerations are increasing in importance. The integration of the mainland and marine Southeast Asia is not far off.

'Temporary Rules' on 23 Types of Imports Outlined

BK0901072696 Bangkok BANGKOK POST in English 9 Jan 96 p 15

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] The Foreign Trade Department has outlined temporary rule of origin regulations governing the import of 23 agricultural products to Thailand.

The products are all goods for which Thailand has provided greater local market access under World Trade Organisation [WTO] commitments.

Rules of origin consist of a set regulations defining how much of a given product is derived, produced or has had its value increased by an exporting nation. This is an important factor in international trade when determining the application of quotas and tariffs.

The temporary rules are needed while the World Customs Organisation, the international body tasked with overseeing regulations on import and export of the 23 products, prepares rules to be applied to all members of the WTO.

The regulations cover two classifications: wholly obtained products and partly produced goods.

A department official said wholly obtained products would include raw materials and minerals derived from the ground, river and ocean, and agriculture products directly harvested from an exporting country. In addition, fishery products and livestock and related goods directly from exporting countries would also be considered wholly obtained.

Goods considered partly produced by an exporting country must have had no less than 50% of their FOB price value added in that country, the source said.

The drafting committee has considered basing its calculations on either of two methods: tariff code changes made as products shift from one trade category to another following production; or the calculated percentage of value added in exporting countries.

Importers will be obliged to show official documents stating the countries of origin of the products.

Another department source said the temporary regulations would help the Government ensure agriculture imports originate from WTO countries.

The department expected to finish the draft regulations soon for Cabinet approval, the source said.

Vietnam

Radio Reviews 1995 Ties With ASEAN

BK1001100096 Hanoi Voice of Vietnam in English 1000 GMT 9 Jan 96

[Radio commentary]

[FBIS Transcribed Text] Last year marked an in-depth expansion of relations between Vietnam and ASEAN. The ties have a revolutionary significance and the era of confrontation has been replaced with that of integration. Our radio editor has more on the bilateral relationship between Vietnam and ASEAN.

It is well worth noting that in relations between Vietnam and ASEAN, the two parties expand ties in security, national defense, economic and social cooperation. Last year witnessed an exchange of 35 visits, including high-level personal contacts such as the Vietnamese president's visit to the Philippines and visits to Vietnam by Cambodian King Sihanouk and Malaysian King Ja'afar.

All ASEAN countries now have embassies in Vietnam. ASEAN countries carried out 234 projects in Vietnam in 1995 with a total invested capital of 3.2 billion dollars. Singapore is taking the lead with 108 projects valued at 1.4 billion dollars.

Bilateral trade continues to grow. Thirty percent of Vietnam's total import-export value or 11.5 billion dollars is for ASEAN. Two-way trade turnover between Vietnam and Singapore alone was 2 billion dollars. In the first half of last year, trade between Vietnam and Thailand increased by 125 times to the corresponding period of the previous year with 400 million dollars.

Some pending issues between Vietnam and regional countries were basically solved and are now changing for the better. These include territorial disputes between Vietnam and Thailand, the Philippines, and Malaysia, and the issue of Vietnam's immigrants in Cambodia. Vietnam has signed an MOU [memorandum of understanding] with most regional countries to settle the question of boat people.

Despite its relatively low-level economic development in the region, Vietnam is improving its image and prestige in relationship with the ASEAN countries.

Thai Defense Minister Arrives on Official Visit

BK1101133896 Hanoi Voice of Vietnam in English 1000 GMT 11 Jan 96

[FBIS Transcribed Text] Thailand's Defense Minister Chawalit Yongchaiyut arrived in Hanoi Tuesday on a two-day official visit to Vietnam. Mr. Chawalit, as the head of the Thai military delegation, is expected to hold talks with leading officials of the Vietnamese Defense Ministry. The talks are being convened in order to strengthen bilateral relations in defense areas following Vietnam's entry into the Association of Southeast Asian Nations, or ASEAN. Mr. Chawalit and his party will be received on Thursday afternoon by President Le Duc Anh.

Office Delegation Said on Working Visit in Laos

BK1101132296 Hanoi Voice of Vietnam in English 1000 GMT 10 Jan 96

[FBIS Transcribed Text] A delegation of the Vietnamese Government Office led by its chief Nguyen Viet Dung is now on a week-long working visit to Laos. The delegation had a working session with its Lao counterpart. On Tuesday afternoon, Lao President Nouhak Phoumsavan received the delegation and welcomed its purpose to exchange experience and strengthen friendship, solidarity, and cooperation between the two countries.

Japan's Mitsubishi Strikes Oil Off Vung Tau

BK1101103396 Hanoi Voice of Vietnam in English 1000 GMT 10 Jan 96

[FBIS Transcribed Text] Japan's Mitsubishi Oil company has struck oil 150 kilometers Southeast of the Southern coast of Vung Tau. Although 7,000 barrels of oil can be tapped each day, an ofifical of Mitsubishi said the company will begin commercial production if further drills prove successful.

Year-End Bonus for State Employees Suspended

BK1001132496 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 9 Jan 96

[FBIS Translated Text] The national budget for 1995 does not provide funds for a 13th month salary bonus. The Ministry of Finance recently issued a circular urging ministries, sectors, localities, and units nationwide to strictly observe state stipulations following the Government Decree No. 25-CP. Authorities should refrain from giving a 13th month salary bonus to state workers and employees at the end of the year.

Authorities and cadres giving bonuses will be liable to administrative or legal prosecution.

Industry Ministry Investments in 1995 Reported

BK0901094396 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Jan 96

[FBIS Translated Text] In 1995, the Industry Ministry which consisted of three former ministries — namely, the Ministry of Heavy Industry, the Ministry of Energy, and the Ministry of Light Industry — invested more than 3,100 billion dong in key electricity, coal, steel, chemicals, paper projects. It also invested 38.4 billion in scientific and technological research.

Good results have been seen in these investments. In the electricity sector, many main projects such as the Thac Mo and Song Pha hydroelectricity power stations, the 220-kilovolt transformer stations in Ninh Binh and Quy Nhon, and some 110 and 210-kilovolt electricity transmission lines were completed in 1995.

The coal sector increased its production by 650,000 tonnes. It also completed and put the Hon Gai coal processing plant and the La Hien cement plant in Bac Thai into production.

In chemicals, assembly lines with the capacity of 600,000 tires per year in the Sao Vang rubber company and another in the Hanoi Battery Federated Enterprise have been installed. The first stage of the Lao Cai apatite plant has also begun production.

The Thu Duc steel plant also completed installing a molding machine with an annual capacity of 70,000 tonnes of steel, while the Thai Nguyen steel company installed new equipment to produce 120,000 tonnes of steel per year.

The Industry Ministry invested 38,462 million dong in 12 energy- consuming projects and 18 projects to develop the production of consumer goods. At the same time, it embarked on 142 research projects at the ministerial level in electricity, machinery, chemicals, consumer goods, and so forth.

Party Urges Elimination of 'Social Evils'

BK1101133796 Hanoi Voice of Vietnam in English 1000 GMT 11 Jan 96

[FBIS Transcribed Text] The Communist Party of Vietnam Central Committee has issued an instruction on restoring cultural activities and services to eliminate social evils. The instruction stressed that this must be a mass campaign to create a healthy cultural environment to develop and protect the traditional culture of the nation. It also highlighted the role of local authorities in implementing the instruction to protect the national interests and people.

Radio Reviews Development of Tourism in 1995

BK0901085496 Hanoi Voice of Vietnam in English 1000 GMT 8 Jan 96

[From the "Vietnam, Land and People" feature]

[FBIS Transcribed Text] Vietnam Tourism said in its annual report that tourist service over the last year has consolidated and developed with diversified and quality tourist facilities and services.

Last year, Vietnam received 1.3 million tourists, an increase of 340,000 in comparison with that in 1994. Tourists to Vietnam mainly came from Taiwan, Japan, France, the United States of America, Britain, Thailand, Hong Kong, and China. Tourists from Japan increased 87 percent in comparison with 1994. Domestic tourists also increased to 5.5 million, 57 percent more in comparison with 1994. In addition, 10,000 Vietnamese people travelled to other countries.

Vietnam Tourism and other tourist companies have become members of numerous tourist organizations in the region and the world. In November last year, Vietnam organized the first international tourist exhibition called (?VICFA) 95 with the participation of 173 domestic enterprises and companies from 16 countries.

Joint ventures with foreign countries also increased. Last year, 35 projects were licensed with registered capital of 1.8 billion U.S. dollars. The biggest project is the $200-million project to build the Non Nuoc Tourist Center in Da Nang. The infrastructure for tourism also developed. The number of hotel rooms was increased by 8,000. Means of transport for tourists also increased in both quantity and quality.

In addition, Vietnam Tourism developed its cooperation with international organizations. Besides its agreements with eight other regional countries, Vietnam Tourism signed an agreement of cooperation with Cambodia. At present, Vietnam Tourism cooperates with Singapore in 13 projects while a survey is under way for cooperation between Vietnam, Laos, and Thailand.

For 1996, Vietnam Tourism plans to receive from 1.6 to 1.7 million international guests and by the year 2000, the number will be from 3.5 to 4 million with a revenue of 2.6 billion U.S. dollars.

Australia

Keating 'Friend' of New Japanese Prime Minister

LD1101095296 Melbourne Radio Australia in English 0800 GMT 11 Jan 96

[FBIS Transcribed Text] Reporting on the election of the new Japanese prime minister, Radio Australia correspondent John Shovelan reported from Tokyo that Ryutaro Hashimoto is well known to the Australian government. Prime Minister [Paul] Keating considers him a friend. They have had a close relationship stretching back to Mr. Keating's days as treasurer [finance minister].

New Zealand

Finance Minister Defends Monetary, Fiscal Policy

MS0901120896 London FINANCIAL TIMES in English 9 Jan 96 p 14

[Letter by W.F. Birch, New Zealand Minister of Finance: "NZ Monetary And Fiscal Policy Consistent And Has Reserve Bank Support"]

[FBIS Transcribed Text] Sir, I take strong exception to your coverage on December 14 ("NZ [New Zealand] money tightened after tax cut pledge") [not processed] and 19 ("Push and pull of NZ policy") [not processed] of the announcement of the New Zealand government's tax and social policy package and the release of the Reserve Bank of New Zealand's six-monthly monetary policy statement. Your correspondent made the following claims:

— The Reserve Bank tightened monetary policy in response to the announcement of tax reductions;

— The New Zealand Treasury assessed the tax cuts as affordable - - but only just;

— The Reserve Bank disagreed with the Treasury's assessment that the tax reductions were consistent with the achievement of the 0 per cent to 2 per cent inflation target.

Your article of December 19 implies thus that short-term economic prospects will suffer due to inconsistent monetary and fiscal policy settings.

On the contrary, throughout the development of the tax and social policy package, the government has tailored the package to ensure that it is consistent with sustained economic growth and price stability. Reflecting this, the government imposed on itself a set of conditions which was required to be met before a definite commitment was made to proceed with tax reductions.

One of those conditions was that there would be no tax reductions if there were significant risks of strong inflationary or balance of payments pressures emerging as a result.

In making that judgment, I sought the advice of the governor of the Reserve Bank prior to making a final decision on the size of the package. I publicly released that advice on December 13 with the December economic and fiscal update. At that time, the Reserve Bank publicly reaffirmed its comfort with the advice which it had originally provided in November. In his advice, the governor specifically commented that the timing and magnitude of the package were consistent with prudent macroeconomic management.

Further, the Reserve Bank's view is that the package's impact on inflation is not expected to threaten the bounds of the price stability goal or erode the public's expectations of ongoing price stability. This view was reaffirmed in the bank's monetary policy statement of December 14. Finally, the governor's advice to me was that the package would not, of itself, necessitate any particular adjustments to monetary policy settings as the substance of the package was already incorporated into market expectations and the bank's policy stance.

At the same time as I released the Reserve Bank's advice, I also released the advice which the Treasury had provided to the government on the tax and social policy package. The Treasury assessed the package against the conditions which the government had set. It concluded that the conditions were prudently expected to be met, both to their letter and spirit. This hardly seems consistent with the grudging support alleged by your correspondent.

Over the past few years, New Zealand has enjoyed a remarkable period of strong economic and employment growth combined with price stability. The December economic and fiscal update, released last month, projects continued strong economic growth, fiscal surpluses rising, even after the tax reductions, to 5.6 percent of GDP in 1998-99, inflation remaining below 2 per cent and a stable balance of payments position. That outlook is the product of consistent and prudent economic management which we have followed in designing the tax and social policy package and which we intend to reinforce in the years ahead.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.